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HEARING
ON
NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 2009
AND
OVERSIGHT OF PREVIOUSLY AUTHORIZED
PROGRAMS
BEFORE THE
COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
ONE HUNDRED TENTH CONGRESS
SECOND SESSION

FULL COMMITTEE HEARING
ON
**BUDGET REQUEST FROM THE
DEPARTMENT OF THE NAVY**

HEARING HELD
MARCH 6, 2008



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FISCAL YEAR 2009 NATIONAL DEFENSE AUTHORIZATION ACT—BUDGET REQUEST FROM THE DEPARTMENT OF THE NAVY

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, Thursday, March 6, 2008.

The committee met, pursuant to call, at 10:05 a.m., in room 2118, Rayburn House Office Building, Hon. Ike Skelton (chairman of the committee) presiding.

OPENING STATEMENT OF HON. IKE SKELTON, A REPRESENTATIVE FROM MISSOURI, CHAIRMAN, COMMITTEE ON ARMED SERVICES

The CHAIRMAN. Ladies and gentlemen, good morning. Today our committee meets to receive testimony on the Fiscal Year 2009 Budget Request from the United States Navy as well as the Marine Corps. Appearing before the committee this morning are: Honorable Donald C. Winter, Secretary of the Navy, Admiral Gary Roughead, Chief of Naval Operations, and General James Conway, Commandant, United States Marine Corps.

We welcome you, gentlemen. And we note that our friend, Admiral Roughead, who has worked with us in the past, well before he was wearing his four stars, has allegedly liaised for the Navy.

And we welcome you back in your different capacity on your maiden voyage through stormy seas of the legislative hearing.

Admiral ROUGHEAD. Thank you, sir.

The CHAIRMAN. But we are glad to have you.

Admiral ROUGHEAD. Thank you, Mr. Chairman.

The CHAIRMAN. Maritime power is a crucial component to our national security. It has been that way since the early days of our Republic. It protected us and safeguarded our interests and gave this nation the room to grow into the great country we are today.

Your forces are forward-deployed all around the world. The efforts of our Marines in Afghanistan and Iraq are well-known and deserve the praise we give them as your sailors are ashore in Afghanistan and in Iraq doing things we never imagined we would have sailors doing, and performing magnificently, in particular, Army duties.

They are busy. From stopping piracy on the high seas to demonstrating American presence all over the world, we know the Navy and the Marine Corps are on call day by day. And because the two services are so busy, we are going to take a hard look at the materials you have provided us before this hearing and for our deliberations.

The Constitution is clear about our responsibilities, and we intend to meet that task head on. There is no question that the Marine Corps is seriously stretched, as is the United States Army. While more Marines are on the way, that is only a small portion of what needs to happen to keep a healthy and vital force.

Marine training is heavily focused on current operations at the expense of training for skills not required for combat in places elsewhere out of Iraq and Afghanistan. There is equipment strain.

Meanwhile, the Navy faces significant challenges in recapitalizing the fleet. We had serious discussions about this last year. I am concerned about the shipbuilding program. Over the past two years our committee has been repeatedly told that a stable shipbuilding program has arrived. And yet, the budget request this year reduces the 5-year shipbuilding goal by 13 ships, from 60 to 47, and requests only seven ships this year.

Furthermore, two of the three shipbuilding programs currently executing on cost and on schedule, the DDG-51 destroyer and the LPD 17 amphibious assault ship, are being closed down. The third program, the Virginia class submarine, has been held at one ship per year for 8 years longer than originally briefed. I find it difficult to understand those proposed shipbuilding programs, and we would like to discuss that with you, Mr. Secretary.

A bit of history—and it behooves all of us on both sides of this table to remember history, that it was in my lifetime that Congress kept the program of Admiral Rickover alive and supported him all through his days in charge of submarines and nuclear programs. And it worked, and today the Navy is the great beneficiary of that rather irascible gentleman. But Congress was largely the strong support behind him.

In my time here I witnessed and was a very small part of Congress creating the Special Operations Department within the military. And it works well. I was a larger part of what later became known as the Goldwater-Nichols Act.

These were born and raised and nurtured here in the Congress of the United States. Last year we made a similar legislative proposal, that is to create within the new cruiser class of ships nuclear propulsion. And I think this will be a major step. And people within the Navy 25, 30 years from now will look back and say that was a step in the right direction. So we hope that we can be of assistance and a breeze behind your back as you follow that law of last year.

The Littoral Combat Ship has been a challenge. And I am sure, Mr. Secretary, you will mention that in your discussions.

The some redeployment of 8,000 Marines from Okinawa to Guam is a major movement, and I would hope that, General, you would touch on that. I know it will be very expensive. And I know that the Marine Corps and the Navy will manage that undertaking to ensure that our strategic interests are fully protected.

And we have a great deal of information we will need from you today. But most of all, we want to say thank you for the hard work that you do. And, Mr. Secretary, you have been an excellent leader. And we appreciate your working with us and for the American people as you do. And as you have two excellent colleagues, we look forward to your testimony today.

Mr. Hunter.

**STATEMENT OF HON. DUNCAN HUNTER, A REPRESENTATIVE
FROM CALIFORNIA, RANKING MEMBER, COMMITTEE ON
ARMED SERVICES**

Mr. HUNTER. Well, thank you, Mr. Chairman. And thank you for holding this very important meeting. And I want to join you in wishing good morning to Admiral Roughead and Secretary Winter and, of course, to General Conway.

Gentlemen, thanks a lot for being with us. And before we get into the details of the budget request, I would like to—I know we would all like to commend the sailors of the *USS Lake Erie*, the *USS Decatur*, and the *USS Russell* for their successful intercept of the disabled National Reconnaissance Office (NRO) satellite. These fine men and women prevented potential injury to innocent civilians. And their success is further validation of America's sea-based missile defense capability.

As I have previously stated, the missile and nuclear developments in Iran and North Korea are a clear and present reminder of the need to get our nation's missile defense capabilities built, tested, and fielded in sufficient numbers and as soon as possible. I am a strong supporter of Aegis Ballistic Missile Defense (BMD). It has got an impressive test record, I believe, now of 13 out of 15. And we have got sailors operating this system right now. And it has also facilitated a close defense cooperation with key allies such as Japan against shared threats.

So I am pleased that the Navy's committed operations and sustainment funding for Aegis BMD. However, one of my chief concerns is force structure. And as we look at the ledger and see an increase in missile threats, we are also looking at our force structure requirements to determine if we need more inventory than the current program of record.

And that leads me back to a discussion about the Department of the Navy's budget request. I was pleased to see that the total request included approximately 5 percent real growth over the baseline funding request for fiscal year 2008. However, on further examination, the distribution of this growth in funding is disturbing.

For example, there is approximately \$2 billion in growth in research and development accounts. And while this includes growth in science and technology and particularly in basic research, for which I applaud you, it also includes over \$1 billion in R&D for the VH-71 Presidential helicopter. This platform was supposed to be a slightly modified cops helicopter. And the contract was awarded to the AgustaWestland team on the basis of minimizing schedule risk.

Since its inception in 2004, the program has been restructured. The schedule, which was a primary focus, has been slipped to the right. And now the Navy is planning to spend over \$1 billion in R&D in a single year.

It would appear that the entire basis of the contract award has been nullified. And I question whether the Navy and the contractor team can execute this funding, given the troubled history with requirements growth and past performance.

In addition, while procurement accounts grew by over \$1 billion, the shipbuilding program, gentlemen, is in shambles. The one piece

of good news is that the budget request moves up to two a year construction of the Virginia class submarine to fiscal year 2011, a year sooner than we had previously planned.

As we discussed in our last meeting, gentlemen, I remain enormously concerned about the future shortfall in our SSN fleet. And, you know, the QDR came up with a requirement for 50 attack submarines. But the joint staff concluded in their 1999 study that a minimum of 62 boats were needed by 2025. And they recommended a force level of 76.

The 2001 QDR validated a 55-boat requirement. So while the 2005 QDR was solid on the subject, the Navy concluded in 2006 that only 48 SSNs were needed. The latest requirement has been generated on a basis of a lot of questionable assumptions such as increased operational availabilities for SSNs in the future due to a reduced maintenance backlog.

It is also based on the assumption that meeting—and I thought this was a critical piece of information that was derived from the submarine hearing we had a couple of years ago. The information that flowed from that hearing was that we are only meeting 54 to 65 percent of critical mission requirements or high-priority mission requirements for submarines.

And, gentlemen, the acceptance of this 48-boat fleet basically presupposes or assumes that meeting just a little more than half of our high-priority requirements, which were testified to by the Navy, is not being met with the level of subs that we have right now, that that is okay, that that is acceptable. And if you place that against the backdrop of the Chinese now outbuilding us 3.4 to 1 in submarines in production and if you add on top of that the keylow submarines that they are acquiring from the Russians, you now see a 5 to 6.1 advantage in terms of production of new boats.

And some of them that the Chinese are building are going to be high-performance nuclear attack submarines. Some of them will be diesel subs, but still, with high capability.

So I understand that our submarines are highly expensive. We broke the \$2 billion mark a long time ago. But I think this is a critical aspect of the Navy's ability to project sea power. And, gentlemen, we are going to have to figure this one out because I think the 48-boat requirement is clearly being outstripped and outdated. And I know you have come up with a number of mitigating factors. But I think even when you place those mitigating factors against the size of the fleet, we have got a deficiency.

I know you also have stated that both platform mix and numbers count right now when we are going to the submarine end of the ship numbers. But I think it is clear that the 313-ship level that you established, Admiral Roughead, has got to be the absolute minimum for our ships.

There is another aspect to the troubled shipbuilding program. From fiscal year 2008 to fiscal year 2009, the Navy has reduced the number of ships to be procured by about 25 percent. So that makes that 313-ship level very, very difficult to attain.

And while I support such relief for the Department of the Navy, the Navy's shipbuilding plan is based on the assumption that over the next 30 years the shipbuilding account will nearly triple in

size. And, gentlemen, I am afraid that is not realistic. And therefore, you don't have a plan that is realistic.

I think we need to start making tough decisions and have an honest dialogue about how much risk we are assuming. For example, is it prudent to buy destroyers that cost over \$3 billion, and more likely \$5 billion, a piece while we shut down stable, more affordable production lines such as the LPD-17 when we haven't bought out the requirement and while we could also modify this design to reduce the risk of other new classes?

The same question could be posed for the T-AKE, two of which were taken out of the future year's shipbuilding request. And why are we building or buying more Littoral Combat Ships the year after we canceled two of them and the year in which the Navy plans to conduct an operational evaluation and down-select of LCS-1 and LCS-2?

And finally, I understand that the Navy is seeking a waiver to the statutory requirement for 11 aircraft carriers, which we reached as a compromise a little more than a year ago. I find it hard to believe that the Navy could not have foreseen the retirement of the Enterprise at that time.

And while I understand that extending the operational availability of the Enterprise will be costly, it seems overly optimistic to state that we will dip to 10 carriers for only 2 years. In point of fact, if first of class CVN-78 delivers on time, the gap will be 33 months, nearly 3 years.

Also, the Government Accountability Office (GAO) has reported that the Ford is encountering delays in technology development that could affect its delivery schedule. Therefore, the period of time during which only 10 carriers are operationally available will likely be longer than 33 months.

According to a December 2006 Department of Defense (DOD) report on the Ford's progress, that carrier is scheduled to reach initial operational capability in September 2016, which would result in a total gap in operational availability of 45 months. Even after this milestone, there normally is additional time between operational readiness and the time a carrier makes its first deployment. The average interval between commissioning and deployment for all Nimitz class carriers was nearly two years. And no carrier since the Vincent, which first deployed in 1983, has deployed within one year of its commissioning date.

What I am beginning to conclude is that the Navy is not committed to 11 aircraft carriers. And I fear that granting such a waiver will provide tacit approval for the Navy to further degrade its power projection capabilities.

So we have got a lot of really difficult choices. And this really is a crossroads year for the Navy. I recognize that there is other budgetary pressures such as the unanticipated repairs required for the P-3 fleet, necessary increases in aviation procurement, the restructured expeditionary fighting vehicle program, and the rising cost of Operation and Maintenance (O&M).

So, Mr. Chairman, I look forward to an open dialogue with our witnesses today, with our leadership for the Navy, and regarding these important matters. And we understand that we are fighting a war in a couple of theaters. We have got a horizon that we have

got to look at with respect to the challenges of the future. And we have got, once again, limited resources.

But I think this is a time to regroup, gentlemen, and take a look at the programs and the priorities and perhaps make some dramatic changes. Thank you very much.

And, Mr. Chairman, I look forward to the testimony.

The CHAIRMAN. Mr. Hunter, thank you very much.

Secretary Winter, welcome again.

**STATEMENT OF HON. DONALD C. WINTER, PH.D., SECRETARY
OF THE NAVY**

Secretary WINTER. Thank you very much, Mr. Chairman. Chairman Skelton, Congressman Hunter, members of the committee, thank you for the opportunity to appear before you today. I am here to present the Department of the Navy's plan to support our sailors and Marines in their mission to defend our nation against current and future challenges.

The President's Fiscal Year 2009 Budget will assist the Navy and Marine Corps in accomplishing their complementary and reinforcing missions, while building capabilities necessary to meet future threats. One of the primary responsibilities of our government is to provide for the nation's defense. Those responsibilities include the critical requirements to organize, train, and equip our naval forces.

For the vast majority of citizens, the only cost imposed on us is financial. America is able to provide for their national defense with such a minimal impact on the citizenry because we are blessed to have among us a generation of people, patriots all, who volunteer to serve. They are the ones who bear many hardships, accept many risks, and go in harm's way.

The pay and benefit funding levels in our 2009 budget request reflect the compensation levels necessary to continue to attract and retain quality personnel in the Navy and the Marine Corps. Furthermore, although we are doing well in our overall recruiting and retention numbers, I emphasize the need for special pays and bonuses to meet critical subspecialty needs such as our requirements for nurses, physicians, and global war on terror (GWOT) stress communities such as explosive ordinance disposal personnel.

It is because of the hard work of our sailors and Marines that we are making progress fostering maritime security, defeating terrorist networks, progressing toward a stable Iraq, supporting the Afghan government, countering piracy in the proliferation of deadly technology, rendering humanitarian assistance, and strengthening partnerships around the world. Our sailors and Marines have responded when called and superbly performed their many missions in our Nation's defense. It is truly an honor and a privilege to work with them and support them as their Secretary.

The Department of the Navy's Fiscal Year 2009 Budget meets the challenge of resourcing the Navy and Marine Corps team across a range of missions from partnership building to combat operations. It invests in our ability to operate, sustain, and develop forces that are engaged in the global war on terror while preparing the force for the challenges and threats of the future.

We are requesting a total of \$149 billion, a 7 percent increase over the fiscal year 2008 baseline. This increase is driven by factors such as rising oil costs and the critical comprehensive growth of the Marine Corps.

Our Fiscal Year 2009 Budget reflects three key priorities which are consistent with those of previous years. They are, first of all, prevail in the global war on terror; second, take care of our sailors, Marines, their families and particularly, our wounded; and last, prepare for future challenges across the full spectrum of operations.

To help meet our first priority, prevail in the GWOT, we are adapting our force for current and future missions to include growing the Marine Corps, shaping the force by recruiting and retaining the right people, and addressing critical readiness needs. Among our most critical readiness needs is the ability to train our sailors and Marines for the threats that they may encounter.

Unfortunately, our Navy has encountered increasing encroachments in our ability to conduct critical training. We recognize that there are on occasion impacts to the citizenry at large associated with such training. But these are necessary costs that are critical to the defense of our nation. We take extensive precautions to minimize the impact of our training.

We owe it to the American people and we owe it to those who serve to acknowledge that, as in all things in life, there are competing interests and tradeoffs and that we treat the risks of sonar operation at sea or the impact of jet noise the way we treat all public policy issues, balancing risks and costs against legitimate national security interests.

I greatly appreciate the support this committee provided us last year with respect to Marimar Air Station, thereby ensuring that our naval aviators can continue to receive vital training. I commit to you today that I will continue to keep you apprised of legal challenges and their implications for readiness that we face over the course of the coming year. Mr. Chairman, if in the future we are unable to properly train our sailors and Marines, we will have failed to do our duty to them and to the American people.

Another critical issue I would like to highlight concerns doing right by those who go in harm's way. As Secretary of Defense Gates has stated, apart from the war itself, we have no higher priority than to take care of our wounded. Our wounded warriors and their families deserve the highest priority care, respect, and treatment for their sacrifices. Our 2009 Budget honors our commitment to ensure that our sailors and Marines receive the appropriate care, training, and financial support that they need.

Finally, to meet the challenges of the future, the 2009 Budget provides for a balanced fleet of ships, aircraft, and expeditionary capabilities with the fighting power and versatility to carry out blue, green, and brown water missions wherever called upon. Furthermore, I would like to note that consistent with our commitment to ensure affordability and timely delivery of capabilities, we have launched an Acquisition Improvement Initiative to provide better integration of requirements and acquisition decision processes, improve governance and insight into the development, establishment, and execution of acquisition programs, and formalize a framework to engage senior naval leadership.

Mr. Chairman, I am grateful for the strong support this committee and the Congress at large has given to our Navy and Marine Corps team. I want to thank you on their behalf. Our Navy and Marine Corps are a strong, capable, and dedicated team. I appreciate the opportunity to represent them today. And I look forward to your questions.

[The prepared statement of Secretary Winter can be found in the Appendix on page 51.]

The CHAIRMAN. Thank you very much, Mr. Secretary.
Admiral Roughhead, welcome.

**STATEMENT OF ADM. GARY ROUGHHEAD, USN, CHIEF OF
NAVAL OPERATIONS, U.S. NAVY**

Admiral ROUGHHEAD. Thank you, sir. Chairman Skelton, distinguished members of the Committee, on behalf of our 600,000 sailors, Navy civilians, and families, thank you for your support and the opportunity to appear before you today. Together with Secretary Winter and General Conway, I am privileged to be part of this leadership team committed to our nation's safety, security, and prosperity.

Today your Navy stands ready with the agility, the flexibility, and the competence to do what no other navy in the world can do. Three weeks ago we successfully and temporarily converted a portion of our sea-based ballistic missile defense program to engage a failing satellite. Sea-based ballistic missile defense is here. It is real, and it works.

But that is only part of what your Navy delivers to the nation. We are exercising our new maritime strategy every day, a strategy that is far more than just a glossy brochure. Our carriers are anchoring and projecting power in the Arabian Gulf.

Our combatants are present, demonstrating our resolve in the Mediterranean. An amphibious ship is engaged in counter-piracy operations on the East Coast of Africa. And another is delivering humanitarian assistance to West Africa.

Our frigates are intercepting drug traffickers in the Caribbean Sea. And our riverine forces are patrolling vital infrastructure on the Euphrates River in Iraq. And our submarines patrol silently around the world.

We have 118 ships and over 58,000 sailors on deployment out and about doing the work of the nation. But as you so well know, our operations come at a cost to our people, current readiness, and the future fleet. And those are my three areas of focus.

Our people—our sailors and Marines and their families know they have your support. We must continue to invest in their futures and in the young men and women of America who will follow in their wake. As a nation at war, our utmost responsibility is to our wounded warriors. I am proud of and committed to the safe harbor program which has dedicated staffs and teams individually tracking and meeting the needs of those heroic sailors and their families.

In the context of this generational war, however, investing in the health of our force must go further. The health care that we provide, especially for traumatic brain injuries and post traumatic stress disorder, as well as the President's support for childcare, hir-

ing preferences for spouses, and family education benefits will bring welcome relief to the military families that assist us in the very challenging recruiting and retention environment. Likewise, increasing the throughput of the U.S. Naval Academy is an important investment in our future leadership, especially as U.S. Marine Corps end strength grows.

But supporting our future force cannot be done without readiness to fight today. To this end, quality shore installations, responsive depot level maintenance facilities, and unfettered ability to train responsibly are necessities. Where area access and shore support is denied, the commandant of the Marine Corps and I have been moving forward with a sea basing alternative. These elements are essential to support our fleet response plan, which has enabled us to meet requirements and will sustain us through the requested temporary carrier force level adjustment.

Of my three focus areas, building tomorrow's Navy to be a balanced, appropriately-sized force is the most immediate imperative and challenge. Fiscal realities, however, have led us to assume more risk in shipbuilding, ship operations, and weapons. Achieving the 313-ship floor at current funding levels will require us to improve processes, collaborate with industry, and make difficult decisions in the near-term.

I am pleased that the first two DDG-1000 contracts have been awarded. Our surface combatants are an essential element of our force, and it is important that we do not raid the combatant line as we build to 313 ships.

I remain strongly committed to funding those programs that provide critical capabilities to our forces. There is no substitute for the Littoral combat ship in closing the Littoral capability gap. Current F/A-18 Hornets are needed to assuage a 2,016 strike fighter shortfall. Surface combatant superiority will be maintained through DDG-51 modernization.

Multi-mission maritime aircraft will capitalize our maritime patrol anti-submarine warfare capabilities. And sea-based ballistic missile defense will ensure future theater and national defense and enable access.

These critical programs for our future fleet require appropriate disciplined investment now. The 2009 budget and its associated force structure plans will meet our current challenges with a moderate degree of risk. Clearly, we have many challenges, of which building tomorrow's fleet is the greatest.

But with these challenges is our opportunity to have a fleet which will defend the Nation and assure our prosperity for generations to come.

On behalf of our sailors, our Navy civilians, and our families, thank you again for the opportunity to appear before you today. And thank you for your support of what we do today and what we will do tomorrow. And I look forward to your questions.

[The prepared statement of Admiral Roughead can be found in the Appendix on page 72.]

The CHAIRMAN. Thank you, Admiral.
General Conway.

**STATEMENT OF GEN. JAMES T. CONWAY, COMMANDANT, U.S.
MARINE CORPS**

General CONWAY. Thank you, sir. Chairman Skelton, Congressman Hunter, and distinguished members of the committee, I have pledged to always provide you with forthright and honest assessments of your Marine Corps. And I bear that in mind as I report to you today on the posture of our service.

In my written statement I provided you a list of priorities that would enable your Corps to best serve our nation's security interests, both today and in the uncertain future. But in brief, young warriors in combat are my number one priority. These magnificent patriots have been extremely effective in disrupting insurgents and the al Qaeda in the Al Anbar province.

In the spirit of jointness, I must note that it hasn't just been Marines. It is Marines, soldiers, and sailors, a composite effort that over time has brought success in the Al Anbar.

We are still supporting the surge in Iraq, and I have already shifted from population protection to transitioning security responsibilities to Iraqi Security Forces. And they are actively stepping up to the task.

Though it may not be our core competency, Marines have addressed the Nation building aspect of our duties with enthusiasm and determination. In answer to the most recent call from the Secretary of Defense, we are also deploying more than 3,400 Marines to Afghanistan. Your Marines will assist a joint force in either gaining or maintaining momentum there. We fall in on our expeditionary ethos of living hard and fighting well as part of an air/ground team.

I just returned from a visit to Iraq and Afghanistan. And ladies and gentlemen, I am pleased to report to you that your Marines are demonstrating an amazing resiliency in the face of multiple deployments to dangerous lands. In spite of a one-to-one deployment to dwell regimen that has virtually no chance of getting better until the fall, the factors that we track monthly to determine the health of the force—and those include desertion and U.A. rates, suicide, divorce, child or spousal abuse, and, of course, retention and reenlistment rates—are all as good or better than they were in 2001.

Quiet in their duty in determining their approach, your Marines are telling us loud and clear that wherever there is a job to be done, they will shoulder that mission with enthusiasm. They are tough, and they will do what it takes to win.

Our captains, though pushed hard by our deployment rate, are making the decision to stay with us. Our retention for these company-grade officers is above historic averages and continues to be better in the years preceding Operation Iraqi Freedom.

We do have a significant issue with our families, however. Simply put, they are proud of their contributions to this war, but they are tired. We owe it to these families to put our family service programs onto a wartime footing. For too long our programs have been borne on the backs of volunteers, perhaps acceptable during peacetime, but untenable during a protracted conflict.

The Congress has been exceptionally supportive in enabling us to make good on the promises to do more. Of course, we look beyond today in our obligation to the nation. And we have learned lessons

of trying to build the force as we fight it. In response to a clear need, we are growing the Corps to 202,000 Marines. We do this without lowering our standards, and we are ahead of our goals.

During the last fiscal year, we needed to bring aboard or retain 5,000 additional Marines. We actually grew 7,000 additional troops, over 96 percent of them high school graduates.

But more than just manpower, this growth requires training, infrastructure, and equipment to meet the needs of the country. You have helped us meet those requirements with steady support and encouragement. And for that we certainly thank you.

The Marine Corps retains the mission to provide a multi-capable force for our Nation, a two-fisted fighter, if you will, able to destroy enemy formations with our air/ground team and major contingencies, but equally able to fall back on our hard-earned irregular warfare skills honed over decades of conflict. By far the most complex of our congressionally mandated missions, amphibious operations, require deliberate training and long-term resourcing to achieve a high level of proficiency. The operational expertise, special equipment sets, and amphibious lift are not capabilities that we can rapidly create in the face of a threat.

Finally, on behalf of your Marines, I extend a great appreciation for your support thus far and thank you in advance for your supports on behalf of these brave servicemen and women in harm's way. I assure you that the Marine Corps appreciates the increasing competition for the nation's discretionary resources and will continue to provide a tangible return for every \$1 spent. Thank you, Mr. Chairman.

[The prepared statement of General Conway can be found in the Appendix on page 111.]

The CHAIRMAN. General, thank you very much. I understand that we have two votes pending in the chamber. However, we will continue and get as many as possible in. And we will ask you to have patience with us while we rush to the floor and vote those two votes.

I have a couple of questions.

Admiral, you may wish to consult with your folks before answering this question. But I can come back to you on this in a few moments. But how much money do you need each year for the 313-ship plan? And how much money do you currently have budgeted this coming year?

Admiral ROUGHEAD. Sir, this year we have just over \$14 billion in the shipbuilding plan.

The CHAIRMAN. Right.

Admiral ROUGHEAD. That is down from \$15.8 billion. And as we go out into the outyears, that number begins to approach about \$20 billion a year.

The CHAIRMAN. Then answer my first question. How much money do you need each year to meet the 313 ships?

Admiral ROUGHEAD. Mr. Chairman, the plan that we have submitted takes us to a level of 313 ships by about 2019.

The CHAIRMAN. 2019?

Admiral ROUGHEAD. Yes, sir. That is when we cross into the 313-ship range, given the plan that we have presented.

The CHAIRMAN. That is a long way, Admiral.

Admiral ROUGHEAD. Yes, sir.

The CHAIRMAN. There is the issue of the individual augmentees. I would like to ask each of you gentlemen how individual augmentees being used effects the readiness of the Navy on the one hand and the Marines on the other when those augmentees are utilized outside their core competency or outside the general Marine mission.

Admiral.

Admiral ROUGHEAD. Yes, sir, the Individual Augmentee (I.A.) program that we have in place and the contributions that we are making to our ground forces in U.S. Central Command (CENTCOM), I believe, has made a significant difference. I have visited there, met with several of our I.A.s and their commanders. And they cannot say enough about the skill, the talent, the competence, and the drive that our young sailors take to their new mission.

When we make our individual augmentee assignments, we look at what we are providing to the joint force in Central Command. But we also look at what that does to individual unit readiness. And we have been able to balance that. I would also add that those young men and women who come back and rejoin their units bring a perspective and a commitment to mission that I believe is beneficial to the Navy.

The CHAIRMAN. General.

General CONWAY. Sir, individual augments in the Marine Corps do essentially two things. One is provide manpower and expertise to various headquarters, particularly warfighting headquarters that need that Marine presence. Or more likely, they serve as training teams, either military training teams or police training teams or perhaps border training teams.

We have made every effort to draw red lines and not draw these training teams (T.T.s) from our recruiting establishment, our recruit training establishment or our schools. We think that the seed corn is terribly important.

However, what that means is that they are then for the most part drawn from operational units or from some of our supporting establishment who sorely needs the leadership that these people represent. Those T.T.s for the most part are staff non-commissioned officers (NCOs) or mid-grade to senior-level officers. So stripping away that sort of top tier of leadership hurts every unit because we do not have excess of those people assigned to the units.

The CHAIRMAN. Thank you.

Jim Saxton.

Mr. SAXTON. Thank you.

Let me just first follow up on the chairman's question about the road to the 313-ship Navy. Isn't it true that over that period of time you would need another \$35 billion in your program in order to achieve that goal?

Admiral ROUGHEAD. I would like to get back to you on the exact figures, Mr. Saxton. But when we built our program this year, if you noticed when we submitted our report to the Congress, different than in years past, we considered a near-term part of the report and a far-term because of our greater confidence in the cost

closer to where we are today. But I will get back to you on the additional monies that may be required.

Mr. SAXTON. Okay. Fair enough. Thank you.

[The information referred to can be found in the Appendix beginning on page 153.]

Mr. SAXTON. Mr. Secretary and Admiral, I think we can all agree that there continues to be a growing threat of ballistic and cruise missiles used by China, Iran, and others. We have been told repeatedly that the time development and development of the next generation of cruisers critical to meet these threats. So my question is this. Given the continuously successful test results of the Aegis missile defense system, whose most recent successes include the U.S. Navy Aegis ship shooting down the errant satellite, isn't it more sensible and cost-effective to build additional Aegis destroyers to address these emerging threats in the near-term and accelerate the development of CGX rather than spending whatever the number is, \$3 billion to \$5 billion a copy, on DDG-1000?

And I might just add this. I think there are great reservations among the members of this committee about the current plan for DDG-1000, given the thought process involved in the other issues that are immediately related to it that I mentioned in my question.

Admiral ROUGHHEAD. Yes, sir. The DDG-1000 and the two ships that we have put on contract within the last couple of weeks introduce into our Navy some very important technologies and means for us to look at those technologies as we move forward, particularly to be informed on the CGX. The one that is most important to me is the reduction in crew size. It is the first ship that we have designed and will build with such a small crew for that amount of capacity.

The Aegis BMD fleet that we have in place today and our plans to grow the existing fleet, I believe, addresses something that will become very important, as you have pointed out. But, you know, for the program that we have up here for fiscal year 2009, my main concern is that we do not, in interest of other types of ships, go after our combatant lines and disrupt that effort that we have underway in our combatants. Because I consider the combatants to be the most problematic area that I am dealing with in the Navy right now.

Mr. Secretary, any comment?

Secretary WINTER. Relative to the CGX program, as I believe you are aware, we are in the middle of AOA, the analysis of alternatives, which leads us into one of our major internal gate reviews within the Department of the Navy. We are focused right now on a number of mission-specific issues there that revolve around, in particular, the radar system on that vessel, the size of it, the capabilities that it must provide, and also future growth potential that we have to make sure we protect in the development of that ship.

I think that the process that we are going through right now is a good one. Recognize it does take a certain period of time to resolve these issues. But I think it is important to lay the groundwork for the future.

Mr. SAXTON. Mr. Chairman, may I just reserve a couple of minutes when we get back to follow up?

The CHAIRMAN. Absolutely. We have about four minutes to make this vote. And we will take up, Mr. Saxton, two minutes, and then we will go to Mr. Ortiz. We will recess for that.

[Recess.]

The CHAIRMAN. We will resume and take up where Mr. Saxton left off.

Mr. Saxton.

Mr. SAXTON. Thank you very much.

Admiral, understanding that the first two DDG-1000s were placed under contract just a couple of weeks ago, I believe, far later than was originally planned—in fact, I think the original plan was to place them under contract in the second quarter—in the third quarter of 2007. And we ended up getting it done in the second quarter of 2008, quite a slip.

What would be the impact of a strategic pause in the procurement of the third DDG-1000, which is in this year's budget request and instead using those funds to procure additional DDG-51s and possibly to accelerate the development of CGX technologies? This could allow the Navy to also gain additional costs and schedule performance data for the DDG-1000 before committing to buying a third. And I think you made some good points about wanting to reduce crew size and developing the capability to do that.

Certainly, we can do that in DDG-1001 and two and use the resources that we might use on a postponed DDG-1003. Shipyards have said that they could resume construction of DDG-51s relatively easily. And so, this looks to me to be a common sense alternate route for us to take. What do you think if we postponed the DDG-1003 until 2009 or 2010?

Admiral ROUGHEAD. Mr. Saxton, as you began your question, what would be the impact of doing that, and as you understand, there are many facets, and it is a fairly complex question that I would like to take for the record, if I may.

Mr. SAXTON. But would you agree that, at least, that it is a common sense, logical alternative?

Admiral ROUGHEAD. I believe that being able to ensure that our combatant capability and capacity that we can maximize that is something that I believe needs to be looked at because the force structure that we have—and as I mentioned, we don't get to 313 until 2019—capacity becomes a capability unto itself. And I am always looking at ways to make sure that we have the capability and capacity that we need.

Mr. SAXTON. Sure.

Admiral ROUGHEAD. And I will defer to the Secretary as well.

Mr. SAXTON. Well, if you want to take it for the record, that is fine. But I would hope that you would get back to us in a relatively short period of time because obviously whatever plans we decide to make relative to authorization and later appropriation, we need to have your thoughts, which are very important to us in a relatively short period of time, if that is possible.

Admiral ROUGHEAD. Yes, sir. Yes, sir.

Secretary WINTER. Congressman, I would note that the delay that you referred to was associated with the definitization of the contract, not with the start of the contract. We have been maintaining the course and speed in terms of the actual contract activ-

ity. We went through a rather extensive negotiation process to ensure that we understood all of the cost and schedule issues associated with that program and definitized the contract fairly recently.

The activity has been going on. We effectively have a hiatus year in 2008 inasmuch as the contracts were started previously in a dual-lead ship approach. And I am very mindful of the need to be able to maintain the course of activity, not only to ensure that we are able to get the ships to the fleet as needed, but also to avoid any unnecessary perturbations to the industrial base, which I view as very fragile and in need of consistency in terms of effort.

[The information referred to can be found in the Appendix beginning on page 153.]

Mr. SAXTON. Mr. Chairman, thank you very much.

The CHAIRMAN. Thank you.

Mr. Ortiz.

Mr. ORTIZ. Thank you, Mr. Chairman.

Mr. Secretary, Admiral, General, thank you so much for your service to our country. We certainly appreciate it.

Like the Army, to meet current demands, the Marine Corps has drawn from prepositioned stocks around the world. These stocks are vital to our rapid deployment capability. Last week the Secretary of the Army spoke to the risk that has been assumed in the Army's response time by the consumption of prepositioned stocks coupled with the delay in replenishment and the strain of current operations.

General Conway, how much equipment has been drawn from the Marine Corps prepositioned stock? And at what percentage are they currently filled? And what is the plan and the timeline for restoration of the free stocks that we so definitely need? And what level of risk has been created by the downloads of these stocks? And maybe you can enlighten, not only me, but the committee.

General CONWAY. Yes, sir. Sir, first of all, roughly speaking, about 25 percent of our equipment is in the central region, either in Iraq or in some cases, perhaps soon to be Afghanistan. With regard to our prepositioning stocks, aboard the ships and in the cave in Norway, we have MPS-1 that is currently in retrofit right now. And it is roughly 40 to 50 percent of its capacity is there.

We used it to draw down to provide equipment to the new forces that we are creating. MPS-2 was used to draw down for Operation Iraqi Freedom (OIF). And it is at about 50 to 55 percent capacity. A lot of the equipment, when it is retrograded from Iraq, will be evaluated and put back aboard that ship.

MPS-3 is at 100 percent. And it is available for tasking worldwide.

In the caves, we are at about 40 to 50 percent again at this point in terms of equipment sets. There is some risk, of course, associated with that. What we find is that we are not able to fully fit out our battalions who are in the states with the full table of equipment sets. We have to go to what we call training sets in order to be able to allow them to function when they are home on their dwell period and to prepare themselves to go to Iraq.

One technique or one methodology that is fairly dramatically different from what the Army is experiencing, though, is that we leave our equipment in theater, by and large, both with regards to

the battalions and the squadrons. And each successive rotation simply falls in on that gear.

Now, some of that gear is cycled out because it gets worn pretty hard and put away wet in some cases. So we have sort of a fresh infusion either of new equipment or of replacement equipment as it wears out. But that is an ongoing effort that our people have been able to manage fairly effectively over the last couple of years now.

Mr. ORTIZ. Because if I can remember correctly, when the Army testified before our committee, they told us that it would take at least until about the year 2011, maybe 2012 to restock the prepositioning elements that we have out there. You know?

General CONWAY. Yes, sir.

Mr. ORTIZ. And it takes time to build. It takes time to refit. And I am just concerned, you know, with what I have seen and where we are at.

General CONWAY. Yes, sir. Sir, I think it is really hard to provide you a date and time to say we will be well by this date certain because it is a dynamic. We are wearing equipment out even as we sit here today in discussion in Iraq and, again, to be in Afghanistan. We don't know exactly when the crisis is going to end.

I think what we have agreed to with the Army is that there will probably need to be at least a couple of years of what we would call reset monies to be able to determine where we are, what is needed, and either repair old equipment or buy new equipment if we are at that plateau.

Mr. ORTIZ. And one last question. You know, I am concerned with what I have been reading and seeing on TV. And I am just wondering, should we be concerned with what is happening in Central America now with, you know, the potential conflict there with Columbia and Ecuador and Venezuela? And is this something that we should worry about?

General CONWAY. Well, of course, sir, I think any time you have got nations with friction, it is cause for concern. Not being the international expert here in the crowd, I would simply refer back, I think, to what our boss said recently, Secretary Gates, in that he does not see any immediate concern for conflict there.

Mr. ORTIZ. And the reason I worry about this is because it is right in our own backyard.

General CONWAY. Yes, sir.

Mr. ORTIZ. Thank you. My time is up.

Thank you so much, Mr. Chairman.

The CHAIRMAN. Okay.

Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman.

Gentlemen, excuse me for stepping out there during your testimony, Mr. Secretary. Let me ask you. And maybe this question has been asked. But the Navy plan for 313 ships includes 11 carriers. Is that right?

Secretary WINTER. Yes, sir.

Mr. HUNTER. But right now you have got the current plan that also generates a strike fighter shortfall of about 125 aircraft in the 2017 timeframe. Is that right?

Secretary WINTER. We are still reevaluating that based on the service life assessment program, which is going to be coming out here in the next couple months.

Mr. HUNTER. Okay. But if, in fact, that occurs, that your current plan is followed, that is 125 aircraft. You have got about 44 aircraft per carrier airwing. So we are really talking about three carrier airwings of being short three carrier airwings, are we not?

Admiral ROUGHEAD. Mr. Hunter, the Navy, the blue portion of the strike fighter shortfall, is 69 airplanes. But what it really does for us is it hampers our ability to generate the airwings at the pace that we need for the fleet response plan.

Mr. HUNTER. Yes, the 125 includes the Marine Corps.

Admiral ROUGHEAD. That is correct, yes, sir.

Secretary WINTER. Yes, sir.

Mr. HUNTER. Well now, but again, if you are even 69, you have got basically a one and-a-half carrier airwing short, right?

Admiral ROUGHEAD. Right.

Mr. HUNTER. Is that another way of saying that you think we don't need to have 11 carriers?

Admiral ROUGHEAD. No, sir, not at all. What it says is that based on our inventory, the ability for us to generate the number of ready carriers and airwings will be affected by this drop. And that is why I have highlighted that because we have found in recent years that our fleet response plan, the way that we have been able to operate the carriers, has really allowed us to have much more striking power, much more responsiveness to events around the world than we had even a few short years ago.

So as we go into our fiscal year 2010 budget, that is going to be one of the top things that we will be working on. I also think that it is important as we look toward the Joint Strike Fighter that any delays in that program could have the potential to exacerbate that strike fighter shortfall.

Mr. HUNTER. Yes, well, I understand that. And that may well be a problem that you have got. Do we have the ability to increase the production line of the Es and Fs if we have to?

Admiral ROUGHEAD. I believe the ability is there to do that. But again, we want to be able to take a look at our assessment of our current Hornets and then fold in potential solutions as we prepare our Fiscal Year 2010 Budget.

Mr. HUNTER. Okay.

And last, Mr. Secretary, I think it is important for us to look at this very strong production and acquisition of submarines that China's undertaking and that this very static model that we have got or plan that we have got going up even to two boats a year is going to provide us with a very limited force. And I will tell you what really jumped out at me was when the committee kind of dragged out of the Navy after a lot of consternation this figure as to your warfighting commanders in the Pacific, your submarine commanders who are requesting boats, requesting submarines for missions and the fact that while you met, I think, the critical missions—you met all the critical missions—they only met between, I believe it was, 56 and 65 percent—we only had enough submarines for between 56 and 65 percent of high-priority submarine missions.

That is a lot. That is a big gap. And it doesn't appear to me that we have any—even mitigating this shortage with your operational changes, it appears to me we are still going to have a major gap in the long-term.

And we are going to have other nations out there that are producing robust fleets of submarines. And we are now shackled with these very high costs in excess well above \$2 billion per attack boat and yet, with a real requirement that we are going to have to meet. Any thoughts on that?

Secretary WINTER. Well, sir, a number of items there. First of all, relative to the immediate issue, as I think you are aware, we have gone through a reallocation of our submarine fleet, our attack fleet, 60/40 split, with 60 percent of that now being in the Pacific to adapt the fleet and ensure it is in the approximate area where we see the principle threats. We are going through a series of activities to ensure that they are a higher availability provided by the fleet in terms of working the individual maintenance availabilities there and improving their deployability.

We are also going through a series of activities to reduce the cost of future submarines, as you are aware, putting in significant new design efforts on the Virginia class, redoing the entire bow section here shortly to be able to continue to drop the cost of that boat down further. That said, I am pleased that we are able to accelerate one additional boat here in a most recently submitted budget. It was a bit of a squeeze and a little difficult to do, but I think it was on balance the right thing to do.

Mr. HUNTER. Okay. Just a last question then.

Admiral Roughead, maybe you can answer this. When we did this hearing on subs here a couple of years ago and we extracted from the Navy this fact that you couldn't get up to any more than 65 percent of high-priority missions being filled with subs—and we had more than we have now when you add that number. Can you assure the committee that you can get up, with the factors that the secretary has just described, that you can get even to 75 percent of high-priority missions being filled with submarines over the next 4 to 5 years, even a 75 percent mission fulfillment?

Admiral ROUGHEAD. If I may, Mr. Hunter, I was the commander in the Pacific, and I relied very heavily on my submarines to meet the missions that we had there. And as you pointed out, we met all of the critical missions. And our submariners do absolutely unbelievable work, and much of which is things that we don't talk about in a venue like this.

Mr. HUNTER. Yes.

Admiral ROUGHEAD. But the missions that come in are missions that are generated every year. So to be able to say what percentage of the changing requirements by the combatant commanders will be, I am not sure that we know what is going to be out there.

But that said, our addressal of all of the critical missions and the high-priority missions of which I had insight into and was responsible for apportioning the submarines, I was very comfortable with where we are, not just for those missions, but also any responses that we had to provide for our submarine force. I was comfortable with that.

That said—

Mr. HUNTER. But now, Admiral, you missed 40 percent of the missions that you requested submarines for if you were running the subs at the time that these numbers were generated. It was that you were missing between 35 and 45 percent of what you classified as—

Admiral ROUGHEAD. No, sir, not what I classified. These are the worldwide combatant commander missions that we were dealing with.

Mr. HUNTER. What the Navy classified as high-priority missions they didn't have enough submarines for. And so, I think it is important for us to develop a plan where we can meet high-priority mission requirements. And I think that when you say, well, we never know where the requirements are going to go, the implication of your question is something wonderful may happen and they may go down.

I don't think in that part of the Pacific where we are shifting some attention now the requirements are going to reduce over the next 5 to 10 years. Do you see that for submarines?

Admiral ROUGHEAD. In the Pacific, as we have done, we have moved more submarines to the Pacific. We have based our submarines more forward in Guam.

Mr. HUNTER. Why don't we try to have—maybe get a classified answer, Mr. Chairman, for the committee as to what percentage of these high-priority missions can now be fulfilled as a result of these adjustments, at some point.

Admiral ROUGHEAD. Yes, sir.

Mr. HUNTER. Thank you, Mr. Chairman.

The CHAIRMAN. Without objection, please do.

Admiral ROUGHEAD. Okay.

Mr. HUNTER. If you could do that, that would be great.

The CHAIRMAN. Before I call Mr. Taylor, let me express a concern and ask, Mr. Secretary, if you would get back to us at a later moment on the record for this. I am concerned that the military to civilian conversion in the Navy medical community is included in the 2009 budget.

However, last year there was a prohibition in the law of military to civilian conversions and extends until 2012. And I am not quite understanding that situation. Would you get back to me on that on the record later?

Secretary WINTER. We would be pleased to, sir.

The CHAIRMAN. Thank you.

[The information referred to can be found in the Appendix beginning on page 153.]

The CHAIRMAN. Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

And, Mr. Secretary, Commandant, Admiral, thank you very much for being here. First off, let me thank all of you for your cooperation in trying to get wounded warriors to the Merchant Marine Academy as instructors and coaches. And I hope that becomes the norm for all of our military academies.

You know, we have tried for a couple of years to work with systems integrators, and that didn't work out very well. The Navy is taking it back in-house. And I am, for one, frustrated with how slowly things have been developing.

So, Admiral, I am going to turn things around, and we are going to—maybe the Seapower Subcommittee is going to become a true systems integrator that is accountable to the taxpayers and the voters. Having said that, I am intending to propose to the subcommittee that money be included to upscale a DD-51 hull large enough to carry the nuclear A-1B power plant. And that would be the CGX.

We would limit the number of DD-1000s to two. We would continue the 51 line and go to the nuclear cruiser sooner. And I would like to hear your thoughts on that. Rather than waiting for you all to come to a proposal to us, we are going to make that proposal to you. And I would like to hear your thoughts on it.

Second, going back to Mr. Hunter's concerns—and they are very valid concerns—about some rumor of the Navy going down to 10 carriers. I would think a flat request to go from an 11-carrier task force to 10 would probably be dead on arrival with this committee.

On the other hand, a very good point has been made that you spend about \$2 billion to get an additional 2 years out of the Enterprise. So if an alternative proposal was made that rather than spending \$2 billion to get an additional 2 years out of the Enterprise that you would spend that \$2 billion building a large-deck amphib or an additional submarine or the first of the nuclear cruisers, well then, we might have something to talk about.

And I think several members of this committee might feel a little differently at that because tomorrow never seems to get here when we say we are not going to buy it this year, but we will get to it. Tomorrow just never seems to get here. It certainly hasn't in the case of the Littoral Combat Ship (LCS).

So I would like to hear your thoughts on those two things. I would also very much like to remind the commandant that I am very much aware that your number one unfunded request is the LPD and that we would hope the Marine Corps does its very best to convince the Senate of the importance of that program. We passed it through this committee last year. The appropriators came through.

Admiral ROUGHEAD. Sure did.

Mr. TAYLOR. We didn't get much help out of the Senate. Again, I would hope that you would use your arts of persuasion to get them onboard with that very worthwhile request.

Admiral ROUGHEAD. Yes, sir.

Mr. TAYLOR. Commandant, I am going to go back to the proposal I made to you and let you tear up my ideas for a change.

Admiral ROUGHEAD. Yes, sir. Mr. Taylor, I always appreciate your ideas and recommendations, particularly as they apply to shipbuilding because I know that you spent a great deal of time studying it and looking for the best way for us to get to our common goal, which is to have more ships in our Navy.

But with respect to the Enterprise funding being used for ship construction, the problem that we have right now is that the \$2.2 billion that we would spend on Enterprise is going to have to come from something already. So that is one of the reasons why the—

Mr. TAYLOR. If I may, Admiral. If this committee continues to tell you you have to do it, then you would have to identify that something.

Admiral ROUGHEAD. Right.

Mr. TAYLOR. So if you have got to identify that something anyway, then I would think—and you have concerns about spending \$2 billion just to get another 2 years out of one 50-year-old ship, then I would think a very reasonable alternative to give to this committee—which a number of members have expressed their concerns about the fleet getting too small. You have expressed your concerns about not having enough combatants—is to come back and say let me spend that money on a combatant that I will get 30 years out of.

Admiral ROUGHEAD. Sir. And I just might add that the \$2.2 billion really is 7 months of useable service of the carrier.

Mr. TAYLOR. Okay. We are making the case even better.

Admiral ROUGHEAD. So it does become a little bit problematic to be able to move money that we don't have.

Mr. TAYLOR. But at the moment, it is your problem.

Admiral ROUGHEAD. Exactly. And I am not deflecting that at all.

With regard to upscaling the DDG-51 to a nuclear ship, I have commissioned and have served as a commanding officer of the DDG-51. I am not a Marine architect or a Marine engineer or a naval architect. But I am not sure that that hull form can upscale to that. And I think that—

Mr. TAYLOR. I have got the red light. What I need from you is the cost estimate from Admiral Sullivan what it would cost to make that determination.

Admiral ROUGHEAD. Right. I will do that.

Mr. TAYLOR. And how quickly that determination can be made so we move things along.

Admiral ROUGHEAD. Yes, sir, I will do that.

Mr. TAYLOR. Okay.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Bartlett.

Mr. BARTLETT. Thank you.

I would just like to note that the chairman of our subcommittee has his ranking member's support for these issues.

Gentlemen, thank you all very much for your service. It is supporting you in that service that is a large part of the reason I keep coming back here in my 82nd year of life. Thank you so much for what you do for your country.

It is often overlooked that helicopters are an essential factor in the Navy's ability to project force around the world. For instance, they are involved in search and rescue, medical evacuation, anti-mine countermeasures. And wouldn't it be nice if they could be involved in swapping the mission packages on the LCS at sea so it doesn't have to steam to port to do that?

As all of you know, several members of this committee have been concerned for some time that the Navy's necking down of business strategy before 9/11, by the way, has left a gap in a critical range of vertical lift capability. I have argued for some time that the Navy should invest in a robust heavy/medium lift helicopter that will provide greater capability than the H-60 alone at far less cost than the super-heavy MH-53, which is several years off, of course.

For instance, the 60 is really compromised in search and rescue. It does not have the range or the dwell time. It is really compromised in medical evacuations. It just isn't big enough for any meaningful airborne emergency room.

It is compromised in anti-mine countermeasures because of the way it must tow. And it is just not big enough to swap off the mission packages on the LCS. As a matter of fact, it is my understanding that it has already failed two of these critical missions.

Admiral Roughead, I shared these concerns with you recently in a private meeting. You assured me that fleet forces command is currently studying this very issue. Would you share with the committee some specifics of this study? What is its scope? Is it a broad, across the enterprise analysis? When will the results of the study be available to the committee?

I have here a presentation you made at—the service made at 3 October, 2007 subcommittee hearing. And you have a timeline there that says that this report was going to be available November of last year. Just when will it be available? Does the study look at the cost and capability benefits of available platforms outside the Navy's current inventory, including how these aircraft could be integrated into a future fleet that includes the LCS and sea basing? Thank you.

Admiral ROUGHEAD. Sir, what the fleet forces command has been asked to do is to determine whether there is a need for a medium lift helicopter. It was driven in part by your interest in our helicopter fleet and where we are going, but also from the standpoint of trying to look ahead in the future to determine what some of the logistics requirements are going to be, the weights of things, for example, such as the engines for the Joint Strike Fighter.

Those are things that we looked ahead and said, you know, let us take a look and see if there is a need for a medium lift helicopter. And that is what they are doing. And that study is to inform us as we develop our Fiscal Year 2010 Budget.

Mr. BARTLETT. If the 60 has already failed two of these critical mission tests, isn't that adequate justification to seriously look at a medium lift helicopter? It is true that it has in preliminary tests failed, has it not?

Admiral ROUGHEAD. Sir, I am going to have to look into that. The reports of failures have not been made to me. And I will get back to you on this.

[The information referred to can be found in the Appendix beginning on page 154.]

Mr. BARTLETT. Thank you. Well, we are very concerned that a legitimate business model that was put in place prior to 9/11 is now committing us to a future where our helicopters neck down to just one. I join later on several years from now by the huge 53, which is too big for a—mission—the most costly per hour plane we fly, I think, is that big helicopter.

And we are concerned that this legitimate business model that made sense prior to 9/11 with the commitments that we now have just really compromises us. And we feel that this needs to have a new look and to put in that long spectrum of priorities. And we think that it just comes high enough to the top that we really do need a medium lift helicopter. You just can't do search and rescue

and medical evacuation, anti-mine countermeasures missions or LCS at-sea swap-off with the 60, can you?

Admiral ROUGHEAD. That is what we are looking at, sir, is what do we need for the future. I would say that our 60, our fleet of 60 helicopters and the men and women who fly and operate those helicopters do an incredible job for our Navy in areas such as Anti-submarine Warfare (ASW), search and rescue. We have some of our squadrons that are flying med-evacs in combat conditions ashore. So the 60 helicopter is a good airplane. It is serving us well.

The fact, though, that we wanted to look into the future and see what the medium lift requirements would be and what investments we would have to make—that is what has prompted the tasking to fleet forces command.

Mr. BARTLETT. I thank you.

Thank you, Mr. Chairman.

Mr. TAYLOR [presiding]. The chair recognizes the gentleman from Arkansas, Dr. Snyder.

Dr. SNYDER. Thank you, Mr. Chairman.

And, gentlemen, thank you for being here. And thank you for your service.

General Conway, yesterday Admiral Fallon was here, the CENTCOM commander. And in response to questions, I think, from both Ms. Sanchez and Mr. Thornberry he said that he needed 2,000 more troops. In addition to the 3,200 Marines that you are in the process of deploying, he said he needed 2,000 more. Do you have the ability to give him 2,000 more troops?

General CONWAY. No, sir, we do not. This employment of 3,400 Marines into Afghanistan will keep us at what I would call “surge plus” from about, later this month, March through May until such time as we stand down the two battalions of surge forces in Iraq and they are not replaced. That will put us then at eight battalions committed on through October. That keeps us at a surge rate through that period of time where we can expect no better than a one-to-one deployment to dwell.

Dr. SNYDER. Secretary Winter, we have had a lot of statements made over the last several years that we will respond to the folks on the ground about what they need. Admiral Fallon’s testimony sitting right there—he needs 2,000 more troops. Does it concern you we don’t have the ability to find those 2,000 more?

Secretary WINTER. Well, sir, that is a matter of total force management that involves all of the services. And I think that the Marine Corps has been growing its force to be able to build to the increasing demand.

Dr. SNYDER. Those are all good statements. I agree with that. My question was does it not concern you we don’t have the ability to meet this very specific need expressed here. He needs 2,000 more troops today in addition to the 3,200.

Secretary WINTER. I recognize the need.

Dr. SNYDER. It concerns me.

Secretary WINTER. I recognize the desire. I also hope that we are able to get additional support from our coalition partners in Afghanistan.

Dr. SNYDER. General Conway, we had a discussion here yesterday with Admiral Olson on the special forces. And there seems to

be a fairly vigorous discussion going on within the Army about who should be responsible ultimately for foreign internal defense, the general purpose forces or their special operations forces. What is the status of that discussion within the Marine Corps?

General CONWAY. Sir, of course the MARSOC, the Marine component to Special Operations Command, is about equally divided between what we call shooters—the MARSOC companies that have routine deployments, and we have one right now in Afghanistan—and groups that do foreign internal defense, companies that will do that for abols. Beyond that, as a part of our growth to 202,000, we have examined the need for what we call a MCTAG, a Marine Corps Training and Advisory Group that could be as much as 1,500, maybe a couple of thousand Marines that would give us that foreign internal defense kind of employment capability in the out-years.

We have not stood that organization up yet. We have only stood up a cadre of about 43 staff NCOs and officers to start to man it up.

In the meantime, I have agreed with Admiral Olson and General Casey and now we include General Mattis at the Joint Forces Command that there needs to be a discussion on who intends to do what. It is somewhat of a growth industry. We realize that there is probably going to be a need in the outyears. The question becomes who does it and to what degree.

The last thing I want to do is spend a couple of thousand of Marines to create a capability who will then sit waiting for the phone to ring. We have better use for those people if, in fact, there is not an agreed upon need on the part of the force providers and at least one combatant commander who would be involved in the employment of those forces.

Dr. SNYDER. My last question, General Conway, is you have, I think, handled yourself very well in your discussions about whether you think Marines ought to participate in Iraq or Afghanistan. You have had a tremendous number of troops overseas. Based on the experience you have had so far as Commandant, where do you see language skills, foreign language skills fitting into this whole—well, you have got the long war sending the Marines. My question is how many of these Marines should be sent in with very high levels of foreign language skills.

General CONWAY. Sure. As you understand completely, you don't grow those people in a short period of time. What we have done is focus on the fact—and back to your last question. Those types of people, people who would deploy to assist third world nations, are going to need some element of language skills.

The 3,400 Marines that are going into Afghanistan are going to take over 120 interpreters and interrogators with them. So there is obviously a need to be able to fit into the culture and understand what is being said about you either through individual language skills on the part of your servicemembers or through help that we can gain from different locations.

But we are working on it, it certainly is fair to say. Our language center at Quantico is emphasizing to our young lieutenants that you need to pick a language, one of four that we will most likely find in probable deployment areas. We have got language instruc-

tors at our command and staff college. So we are making an across the board effort really to enhance language skills where we have previously been weak.

Dr. SNYDER. Thank you, gentlemen.

Mr. TAYLOR. The chair recognizes the gentlewoman from Virginia, Ms. Drake.

Mrs. DRAKE. Thank you, Mr. Chair.

Gentlemen, thank you very much for joining us today.

And, Secretary Winter and Admiral Roughead, I was wondering if you could give us an update on the status of the Environmental Impact Statement (EIS) for Mayport and looking at the nuclear capability if that is something we want to look at and also, the financial analysis that we asked to go along with that. So can you just give us an update, where we are, when we expect any of that?

Secretary WINTER. Yes, ma'am. We are proceeding along the regional schedule. We expect to have the draft EIS out for public comment here in a matter of about a month or so. It is working through its final stages of development. And I expect that that will get us into the next phase of activity, getting the public comment.

It does encompass the full range of options that we talked about last year, everything from no change to the current mission, surface combatant changes, amphibious changes, all the way up to and including a nuclear carrier. And it does address the range of environmental issues associated with that.

We have also done some preliminary cost analyses associated with the investments that would be required at Mayport. Again, they vary significantly depending upon the specific option that has to be taken. We would not make that specific recommendation, of course, until we are able to factor in both the cost issues and the mission-related aspects that I will be looking to the Chief of Naval Operations (CNO) to provide a recommendation on.

Mrs. DRAKE. Thank you.

Mr. Secretary, I would also like to ask you. In your opening statement, you said that you needed increased authority to pay bonuses to doctors and nurses. In the law last year in the National Defense Act we authorized up to \$824,000 for signing up for a 4-year commitment. So I was just curious if you could clarify for us what else you need.

Secretary WINTER. I would be happy to give you the details for the record, if I could, please. I think the principle emphasis I was trying to make was the value of those bonuses that we have received authority to utilize.

Mrs. DRAKE. Okay.

Secretary WINTER. They are providing a significant difference for us. Some of them take a little bit more time to effect the value out. The scholarship programs, in particular, are in that category. But I would note that we are getting some very good benefit out of all of those.

We are approaching that period of time where students in medical school make their major decisions in terms of internship or residency and actually acceptances into medical school as well. Once we see the results of that, which will inform many of these decisions associated with future careers in the Navy, we will be in

a much better position to be able to update our estimated requirements for future special pays and bonuses.

Mrs. DRAKE. Thank you. And one last question for you because I think you hear from this committee all the time how committed we are to the 313-ship Navy. We asked for the number. Admiral Mullen gave us the number. And our concern has always been to make sure that that stays on track.

But listening, of course, to the debate and the questions—and this is a question I have had since I have come to Congress—I am sure all three of you would be very happy and welcoming if we could figure out how to give you more money to make sure it stays on track.

Secretary WINTER. Yes, ma'am.

Mrs. DRAKE. It boils down to that.

Secretary WINTER. It does boil down to that. I would note that if you take a look at our 30-year shipbuilding plan, where we are right now and the glide slope that we are on to build up to that, we are actually doing pretty well with one exception. We have had to slow down a little bit on the Littoral combat ship, which is a major component of that 313-ship fleet. It is 55 of that 313.

We had hoped to be at a higher rate of production than we believe that we are ready for at this point in time. That said, I think that the approach that we have taken, which is a more gradual development process, more steady development process, gives us a much higher degree, much higher likelihood of success in the overall program activity.

We have authority for one LCS in 2008. We are seeking authority and funding for two additional in 2009 that will enable us to go out on a three-ship acquisition program, which will maintain the competitive base and enable us to proceed on course to be able to provide this critical capability which is uniquely needed by the Navy. And I would ask CNO to comment on that need.

Admiral ROUGHEAD. As we have talked before, the Littoral combat ship does not replace something that we have. The Littoral combat ship is addressing a gap in our ability to operate in the Littoral regions in archipelagos, areas where we need shallow draft, speed, and the ability to reconfigure the ship for the different missions that we will undertake.

Having commanded in the Atlantic and Pacific, getting that ship into the fleet is one of my highest priorities. And I have visited both of the ships two times in the last 8 months. And I remain more committed to that ship than I was when we began.

Mrs. DRAKE. Thank you.

Thank you, Mr. Chairman. I yield back.

Mr. TAYLOR. The chair recognizes the gentleman from North Carolina, Mr. McIntyre.

Mr. MCINTYRE. Thank you, Mr. Chairman.

And thanks to all of you gentlemen for your commitment and your service to our nation. We are very proud of you and your work.

General Conway, I was excited, as I mentioned to you before the hearing, to be at the groundbreaking of Marine Special Operations Command (MARSOC) at Camp Lejeune a couple of weeks ago. We are very proud of the special forces being set up there at Camp

Lejeune and the growth of the Marine Corps that I know is going to continue at Camp Lejeune. And we see that as part of a greater growth in Eastern North Carolina with Base Realignment and Closure (BRAC) and what is happening on the other end of my district at Fort Bragg as well.

Secretary Winter and Admiral Roughead, we are very excited about your coming to Wilmington for the commissioning of the newest Virginia class attack submarine, the North Carolina, the first weekend in May. And I am sure we are going to have an outstanding crowd of folks there to welcome you and to show our pride in the Navy and the new North Carolina.

And I want to ask you, gentlemen, if you could answer me a question. I know a concern about this was expressed by your predecessor, Admiral Roughead, and some others on the Joint Chiefs in the past about what is being done to counter China's growing fleet and what is our strategy to deal with counter-balancing China in the Pacific.

There has been a great concern about this kind of being, if you will, overlooked or ignored somewhat because of the emphasis we obviously have in the global war on terror and what is going on in Afghanistan and Iraq. But can you tell us what attention is being paid to the China fleet and what we are doing to counter-balance that?

Admiral ROUGHEAD. Yes, sir. Having been the Pacific Fleet Commander and having served in the Pacific for several years, watching the evolution of China's navy has been of great professional interest to me and then obviously in my positions out there, of great import to the Navy. There is no question that China is building a navy that is increasing in sophistication and capacity. It is a navy that is focusing more on being able to influence events in the region than being able to move on to the global stage.

As I watch what they are buying, what they are building, that is one component of watching the People's Liberation Army (PLA) Navy. But the other is their leadership and the expertise and competence of the leadership. I have had the opportunity to meet with several of the PLA Navy leaders. And it is clear to me that they have a path that they see for their navy.

It is a path that does not necessarily end with them being a threat. But it is a navy that, I believe, will have greater influence in the Pacific and then also moving into the Indian Ocean regions.

The key for us is to be able to engage with that leadership to gauge the intent, not only of the PLA Navy, but the PLA and to have a relationship that allows us to see where they are taking their navy and how competent that navy is. As you know, we have shifted force structure into the Pacific, carriers and submarines. But I would submit that that is not simply because of a rising PLA Navy.

It is because that is part of the world, that and the Indian Ocean region and the Arabian Gulf, where our prosperity hinges on. And that is the reason why I believe a rebalancing of the fleet into those areas where we can respond, where we can be present is so important. And it is from that response and presence that I am committed to the 313-ship Navy because of our need to be able to cover the many requirements that are there, not simply at the high end

of naval capability, but also to be able to work with some of the other countries.

Mr. MCINTYRE. Thank you very much. Is it fair to say that the Navy is embracing missile defense as a core mission? I welcome your comments or the secretary's on that.

Admiral ROUGHEAD. I see it as being a core mission of the United States Navy. We have had great success. I believe the shooting down of the satellite three weeks ago demonstrates the competence, the fact that our ballistic missile capability exists within our operational Navy. It is not a science project that has been going on.

These are our sailors who are out there that were able to take on that mission, a very complex mission, and succeed on the first shot. I believe that with the proliferation of ballistic missiles around the world that ballistic missile defense and the flexibility that a maritime ballistic missile defense provides is a good solution for the country.

Mr. MCINTYRE. Thank you.

Secretary WINTER. I would add that, building on the last point of the CNO's, that the flexibility that we have operating from a naval platform to be able to pick the geometry of our choosing has significant leverage in terms of the efficacy of any deployed system. When you add that to the capabilities that we have been able to build into the Aegis system, I think you have a unique and very significant way of enhancing the force posture of the United States.

Mr. MCINTYRE. Thank you. I see my time is up.

Thank you, Mr. Chairman.

Mr. TAYLOR. The chair recognizes the gentleman from Arizona, Mr. Franks.

Mr. FRANKS. Well, thank you, Mr. Chairman.

And as always, thank all of you for what you mean to this country and allowing us to sit here in peace and have these kinds of conversations.

You know, Admiral Roughead, your comments and Mr. McIntyre's questions related to the missile defense, which kind of leads perfectly. I know you have been congratulated a number of times here today on your successful shoot-down of the satellite. And I just congratulate, you know, those on the *USS Lake Erie* and the *USS Decatur* and the *USS Russell* as well.

And I had hoped that the Shiloh would be the one that shoots it down because I had just toured the Shiloh in Japan with my friends, Mr. Akin and Mr. Larson and Ms. Tauscher. And, of course, it was a magnificent display.

We have worked with Japan to see their first shoot-down in December themselves. I mean, I know that they have done things with us in coordinating it, but to do that themselves shows that they had a very good teacher. And so, I just can't express to you just how good you make a lot of us feel to be Americans and how proud we are of you.

With that said, you know, Dr. Winter and Admiral Roughead and General Conway, I am confident that we—I believe we are going to win this long war related to terrorism because of, you know, the warriors like yourselves at the helm of the sea services. And I guess my concern is your ability to reset and prepare for the future

while you are fighting and while we are securing the peace in that regard.

And so, Dr. Winter and Admiral, your reset needs look to be about \$10.9 billion, and your unfunded requirements, about \$4.6 billion.

And, General Conway, your reset requirements look to be about \$4.7 billion, and your unfunded requirements at about \$3 billion. And today the defense budget represents slightly—well, significantly less than 4 percent of the gross domestic product and slightly more when you add the supplemental appropriations. But that is a historic low for our nation, even so.

And so, I would ask General Conway and, well, anyone that wants to—but both Admiral Roughead and General Conway, I would ask both of you, in the long run will the defense spending set at a minimum of four percent of Gross Domestic Product (GDP) be enough to satisfy and fund all the things that you must do to maintain and reset the U.S. Navy.

And, Admiral Roughead, I would start with you.

Admiral ROUGHEAD. Yes, sir.

Mr. FRANKS. Will 4 percent GDP be enough?

Admiral ROUGHEAD. Yes, sir. I believe 4 percent is a good approximation and a good bar, if you will. But I also believe that it is important to not peg exactly to 4 percent because we don't know what the future holds. We don't know what the challenges will be to our security and our prosperity.

And I believe what is important is that we are able to look at what that future is, what we believe we need to provide the country. And then we budget to that amount. It has a potential to be a double-edged sword.

Mr. FRANKS. I know it does.

And, General Conway, I will direct the question to you as well. I just think that, you know, what happens is there is always this discussion about a peace dividend after any conflict. And it seemed like the services always are the ones that are called upon to take the hit. And yet, if we are considered in the world as a hollow force, it costs us so much more in the long run.

I mean, 9/11 cost us, hit our economy for somewhere in the neighborhood of \$1 trillion. And it just occurs to me that, you know, a secure country is a very prosperous country.

So, General Conway—and let me rephrase it as a minimum floor, is four percent GDP a good policy for this country, in your mind, sir. And will it meet the needs with obviously the desire to respond with higher amounts if necessary.

General CONWAY. Sir, I would highlight—

Mr. FRANKS [continuing]. The predictability.

General CONWAY. I would highlight first of all that we are in war, and this is going to be, I think, a generational struggle. And four percent represents about half the lowest we have seen previously in any war in terms of portion of Gross National Product (GNP). My concern is that we have been treated very well with regard to our reset. Our total costs have actually exceeded over \$15 billion. But the Congress has been very good about staying up. And we are confident about the rest of that.

My concern about my particular service is that through delays in the Osprey and through the Expeditionary Fighting Vehicle (EFV) through some developmental concerns, we have a lot of bills coming due all at the same time here in just a few years. The Osprey, the EFV, the Joint Strike Fighter, the remnants of the Cobra and the Huey. All those things are going to come at us all at about the same time.

And as a member of the Joint Chiefs, I am concerned about the size of our Navy and about the age of our Air Force. So there are a lot of things out there, sir, in the future that are going to pressurize the amount of money that we have today. And I am not sure four percent will be enough, quite frankly.

Mr. FRANKS. I appreciate your candor. Thank you.

Mr. TAYLOR. I recognize the gentleman from Connecticut.

Mr. COURTNEY. Thank you, Mr. Chairman.

And I want to thank the witnesses for their endurance here today.

Secretary Winter, I just want to attest to the fact that your Chief of Naval Operations is such a hands-on leader that he was in charge of flooding the graving dock up at Electric Boat about two weeks ago for the *USS New Hampshire*.

Secretary WINTER. So noted, sir.

Mr. COURTNEY. And so far, it is still—

Admiral ROUGHEAD. I had a good partner to do it.

Mr. COURTNEY. That is right. So thank you again for your appearance here today.

Following up on Chairman Skelton's comment earlier about the fact that Congress in the past historically has helped sometimes set the pace in terms of a nuclear Navy and special operations. I think last year's budget where the Seapower Subcommittee under Mr. Taylor's leadership set the pace in terms of an advanced procurement toward a second submarine, the \$588 million that we were able to get through the process.

And again, I want to thank Secretary Winter for giving us the roadmap in terms of how to get to that point, which, I think, he had to step out a little bit in terms of the budget that you were presenting to us at the time.

So again, thank you for your help. But I did want to sort of follow up on sort of a question that is begged from that, which is why did the Navy decide to use that advanced procurement toward a 2011 two-sub a year pace as opposed to 2010?

Secretary WINTER. Thank you for the question, sir. Really, two reasons. First of all, we didn't want to go to two a year and then back to one a year and then up to two a year, just afraid of the perturbation that that would create for the industrial base. We could not afford within the budgetary constraints that we are working in two additional submarines.

Second of all, we are entering into a period here where we have some significant cost savings that we are starting to accrue based on some of the investments that have been made in the Virginia class program. We want to be able to affect as many of those as is possible.

The new bow redesign, for example, is a very significant modification. I believe it is going to provide us with a lot of value for

the future. We want to be able to take full advantage of those design activities and the reduction to practice on the overall Virginia program. And those were the two reasons why we put that submarine in 2011.

Mr. COURTNEY. And obviously, again, Mr. Taylor has a lot of balls he is juggling in terms of trying to get a budget and an authorization through this year. Do you have any suggestions or ideas about ways that we can, again, take the progress that we accomplished last year and use it, you know, with the goal of reducing the construction period for the 2011 sub, again, in terms of what we can do this year, maybe not with as large a step as last year's? But again, is there a way that we can, I guess, keep the momentum going forward?

Secretary WINTER. Well, I think one of the areas that I am particularly focused on is the continuing need to be able to motivate the contractors to reinvest in their capital plants. And I think that investment in those areas provide us with significant long-term benefits.

I think that the Virginia class program has been a good leader in that regard. I would like to see further options being developed in that regard. And I would also like to see that construct, if you will, expanded throughout the rest of the shipbuilding activity with some of the additional flexibility that we would need to be able to take advantage of it.

I am also, I will tell you, having started the reevaluation of what we need for the SSVN class replacement recognizing that that is coming out a number of years from now. But that is a significant effort we are going to be bringing forward as part of the 2010 Program Objective Memorandum (POM) the initial phases of that activity.

Right now it is principally an effort between Navy and U.S. Strategic Command (STRATCOM) to develop the overall requirements for that. But I think that that will also generate some significant pressures for a new generation, if you will, of submarine designers and facilitating the, if you will, inter-generational transfer of knowledge and experience between those who have helped us in terms of designing the Los Angeles (L.A.) class *Seawolf* and *Virginia* as well as *Ohio* into the next generation that we are going to need to be able to continue this effort all the way through to the Ohio class replacement, is going to be a critical factor.

Mr. COURTNEY. My time is about to run out, and maybe we can follow up again afterwards.

Secretary WINTER. I would be so pleased.

Mr. COURTNEY. But there was again, some of that 2009 money last year or 2008 money last year was for advanced funding for construction. And that is sort of, I guess, the question I would like to explore further with you about ways to, like I said, keep the momentum going with the advance last year.

Secretary WINTER. I will be pleased to have that discussion with you.

Mr. COURTNEY. Thank you, Mr. Secretary.

Secretary WINTER. Thank you.

Mr. COURTNEY. Thank you to the witnesses.

Mr. TAYLOR. The chair recognizes the gentleman from Texas, Mr. Conaway.

Mr. CONAWAY. Thank you, Mr. Chairman.

Welcome, gentlemen. Appreciate your service to our country.

General Conway, one of the traditional core competencies of the corps is the amphibious landings opposed, I guess, under fire. You mentioned briefly the EFVs. And could you talk to me a little bit about just when is the last time we looked at—is that a competency that the Marine Corps really needs to have?

In other words, over the next 20 years, do we look like we are going to have those kinds of fights where we would need to have an awful lot of money put into the gear to be able to do that? And then talk to us a little bit about the struggles with the EFV in terms of continued mission creep and adding weight to it and all those kinds of things.

General CONWAY. Sir, let me start by saying if you have a visual of the Torowa landing beach, you have the wrong impression in mind of how we would intend to do future amphibious operations. We would intend to go where the Navy is not. We would intend to go deep across the beach with the Osprey. But the expeditionary fighting vehicle is a vital part of that.

The Navy rightfully will not go closer than about 25 miles to an enemy shore because of the anti-access systems and the potential destruction of Marines, sailors, and ships costing billions of dollars. So we have to somehow bridge that difference.

We have a vehicle right now that ostensibly could swim. Although the sea states would make that exceedingly difficult. But it would be four to five hours getting to shore, and Marines would be in no condition to fight.

So we need that type of vehicle that can get up on top of the waves at 25 to 30 knots and get us quickly in to start doing the work that must be done. I think that there is a lot of blue out there on that map in the arc of instability and that although, you know, we have been fortunate in years past that there was a host nation willing to accept the buildup and then willing to let us cross their border.

The probability of that being present in every case in the future is not likely. And so, I do think that there will continue to be for this superpower nation an ability to have a forcible entry capability.

Mr. CONAWAY. Okay. But you talk about justifying the EFV. What are the struggles to getting it operational?

General CONWAY. Sir, we have had some reliability concerns. I fault our service. I fault the vendor for doing reliability tests on vehicles, six vehicles, that were already past their service life expectancy. So I personally don't believe that the program or the vehicle that is associated with the program is in as bad shape as perhaps those tests might represent.

The Secretary of the Navy—and I hope you will comment, sir—has been very active in trying to look at stimulation and making sure that we have got the right model for the vehicle as such. But I tend to believe that the program is substantially back on track, delayed some. And that makes me uncomfortable because we need it today. But nevertheless, it will be the vehicle of our future.

By the way, sir, if I could add, I am going to China at the end of the month. I will ride on one of their new amphibians and come ashore on their EFV.

Secretary WINTER. Sir, just a build on the Commandant's comment there. When we went through the initial evaluation phase late last year—excuse me, early last year—the EFV passed a vast majority of its required objectives. The one area that, as the Commandant pointed out, we had some significant problems had to do with the reliability. This is a fairly complex vehicle. It has a number of systems, a number of potential failure points.

We made the decision that rather than to proceed into production with a vehicle that might pose problems in terms of maintaining that vehicle and providing the availability on a seaborne platform, that we would enter into a period of time where we would make an investment to design for reliability, to go through and analyze the vulnerabilities from a reliability perspective on the platform, to make the changes that are needed and to ensure that we have a design which is both reliable and maintainable before we go into production.

I believe we are making very good progress in that regard. We have a preliminary design review coming up here very shortly this spring and a critical design review that will follow that.

Mr. CONAWAY. Okay. I had one other real quick one, Mr. Secretary, and a follow up for the General. You mentioned that he said the six that were tested were beyond their useful life, which I will get back with you on understanding how we had something that is being tested that has already worn out. But to get to 313 ships, how many new ships does that—I mean, do we decommission any of the current fleet to get to the 313? How many total new ships does that represent?

General CONWAY. As we drive to 313, it is a combination of those that we are building and as ships reach the end of their life, they come out.

Mr. CONAWAY. Right.

General CONWAY. It is important that we get our modernization program in place.

Mr. CONAWAY. Well, just 39 is different. Is that just the total number of new ships that will be built between now and 2019?

General CONWAY. I will get back to you on the exact because it is a mix of going away, coming in.

Mr. CONAWAY. Okay.

[The information referred to was not available at the time of printing.]

The CHAIRMAN [presiding]. I thank the gentleman.

Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman.

General Conway, I want to know what that ride is like.

General CONWAY. It is actually surprisingly smooth, sir.

Mr. LARSEN. If you could get back to us about the Chinese EFV, that would be great.

General CONWAY. Yes, sir.

Mr. LARSEN. Thanks.

[The information referred to was not available at the time of printing.]

Mr. LARSEN. Secretary Winter and Admiral Roughead, I would give you a heads up on my question. If you could let the committee know the answer to the question, and now I will preface it.

The Navy and the Air Force had an Memorandum of Understanding (MOU) that expires in, I think, 2012 with regards to the use of your expeditionary airplanes for radar jamming. And that MOU goes to 2012 with the assumption that the Air Force is going to follow up, I think, and have a stand-off jammer in place. That is not going to happen. And this conversation is about where the Air Force is going with the core component jammer in this next generation jammer. Conversation is going on between Navy and Air Force.

But the question is what happens at 2012 and we have got the airwings, we have got the carrier-based prowlers, soon to be prowlers, which are already high-demand, low-density. And yet, it is the capability that we have, that the military has. I think the concern is that it is going to be higher demand and lower density post 2012 until such time as an answer for the Air Force. What happens between 2012 and that time when the Air Force gets an answer about their jamming capabilities?

Secretary WINTER. Well, sir, let me try to go through the status here right now. We are dependent on the EA-6Bs. That is the only electronic attack mechanism we have right now in theater. They are being used very extensively. They are doing extremely well. But we are concerned about replenishing them on schedule, given the service life limitations that we see on that platform.

The build that we have put forward, which includes 22 Growlers in this year's budget in addition to the five that we requested in the 2008 supplemental, is all based on what we think is the appropriate glide slope to replace the EA-6Bs and also based on the latest analysis that says that we need a total fleet of 84 Growlers to be able to accomplish the mission.

I will note that that analysis was based on the presumption, as you noted, that the Air Force was able to provide a stand-off jammer capability of their own to supplement those Growlers. One of the things we will be looking at as part of the POM 10 development here in the next few months is to ensure that we understand what the Air Force plans are or are not and to ensure that we take that into account in terms of any necessary change to the fleet sizing for the Growlers in the future.

Mr. LARSEN. So I could summarize it, first off, I do not want to put the Air Force on the spot. We have talked to the Air Force about this as well. It is a broader issue in the Air Force about recapitalization and the available resources they have to do what they want to do. So I want to appreciate their problem.

But to paraphrase, you said that at some point—right now you are looking at and at some point you will have to make a decision about whether 84 Growlers or 85 Growlers or 86, something greater than 84 might be necessary to address the full mission needs of the radar jamming capabilities of the military.

Secretary WINTER. Yes, sir. And I do believe we will make a—we will take a crack at that as part of the 2010 POM.

Mr. LARSEN. You will.
Admiral Roughead.

Admiral ROUGHEAD. Yes, sir, exactly right. And as you know, our electronic attack is being used in ways we never envisioned.

Mr. LARSEN. Right.

Admiral ROUGHEAD. And I believe it will be important as we go into the 2010 POM that there be a realization of what that usage is likely to be and how the joint force comes at it. It will be important.

Mr. LARSEN. Thanks. And one more question. Your number one unfunded priority is P-3 wings.

Admiral ROUGHEAD. Yes, sir.

Mr. LARSEN. Can you discuss the current status then of the P-3s and what dollar amounts you are looking for and how you are addressing the current fact that you have grounded, what, a third or so of the P-3s?

Admiral ROUGHEAD. Yes, sir. The grounding actually accounts for about a quarter of the fleet and about a quarter of the operational P-3s that we have out.

Mr. LARSEN. Okay.

Admiral ROUGHEAD. What has happened is we have been putting a lot of hours on those airplanes. They are beyond their flight life. But because we have been able to monitor the usage, we have a good sense of what the work will entail. We estimate that in 2008 we will need \$364 million and then in 2009, \$312 million to fix that.

Mr. LARSEN. So, just to clarify, \$364 million and the rest of 2008, presumably you are requesting that in supplementals?

Admiral ROUGHEAD. Yes, sir. Yes, sir, we will.

Mr. LARSEN. And then \$300 and—

Admiral ROUGHEAD. \$312 million in 2009.

Mr. LARSEN. In 2009? And that is not in the budget.

Admiral ROUGHEAD. No, sir, that is not.

Mr. LARSEN. Thank you.

The CHAIRMAN. Thank the gentleman.

The gentleman from South Carolina, Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman.

And thank you, Mr. Secretary, Admiral, General. I appreciate your service so much. I am particularly grateful that I have a son who is serving in the Navy. And he was trained by Admiral Roughead. So I am very grateful for this. And indeed, our family is grateful that he has had the privilege of serving with our troops in Iraq.

Additionally, I am very grateful that I represent Parris Island, the Marine air station, the Buford Naval Hospital. We have got wonderful facilities with wonderful people and a community that truly loves persons of military service.

Additionally, last weekend—I want to give you a firsthand report—I had the privilege of visiting with our Navy and Marine personnel in Iraq and Afghanistan and also at Landstuhl. It was incredible.

In Iraq I had the opportunity, General, to ride my first MV-22. It was like a rocket. And I just want to commend all of you for your persistence in perfecting the Osprey and what it means for the protection of our troops.

We went to Fallujah. I was with the Marines as we were able to walk the market at Haditha where through interpreters citizens thanked the Marines for liberating them and keeping them safe. It was really a heartwarming experience.

In Afghanistan I had the opportunity to visit with Navy personnel who I am really grateful are serving with Provincial Reconstruction Teams (PRTs). We were in Osadabad. The Navy lieutenant there was just bursting with pride at the bridge that he is building there. And it just made me proud. And I agree with Congressman Franks. We are going to win the war against terrorism.

I spent my whole life being told that we could not defeat Communism. But we did. And I have the same feeling of what you are doing today.

As we prepare, also in Iraq, I had the privilege of riding in an Mine Resistant Ambush Protected (MRAP) Cougar. And what a phenomenal vehicle that is.

And, Mr. Secretary, I note that at Spaywar they now are up to about 1,000 a month that they can process with the government-configured equipment. Is this now a working system? I want the MRAPs to our Marines as quickly as possible.

Secretary WINTER. Well, sir, thank you for the question. I think we have gone a long way to building up the industrial base to support the MRAP production and deployment. That includes not only a number of manufacturers that have been producing the basic vehicle, but, as you noted, the Spaywar activity that is integrating the government-furnished equipment, the communications navigation gear and all the other specialty equipment that goes onto those vehicles.

I think we are now at a very good production rate. And we are actually shipping a large number of them on a weekly basis. We fully expect that we will be able to meet the buildout objectives that have been established by the joint force. The Marine Corps is in particularly good shape, given the recent adjustments in terms of the requirements that have come forward.

We still have a ways to go as the joint service provider of this equipment to satisfy some of the Army requirements. And we are endeavoring to do that.

Mr. WILSON. And, General Conway, the Marine Corps, we are very grateful, trains more than half of its recruits at Parris Island, including all the women who serve in the Marine Corps.

General CONWAY. That is right, sir.

Mr. WILSON. We welcome more. And, in fact, with fiscal year 2009 adding 5,000 more Marines with additional Marines, is there anything that we of this committee need to do to help with infrastructure at Parris Island? Or what is the status?

General CONWAY. Sir, we feel pretty good about it. When I was visiting there last, we talked about extending some of the old barracks that were there, that are there that we thought would be torn down. I think we are probably going to extend their life cycle then. But they are suitable barracks. They will serve a good purpose.

Where we need additional structure, and that will be during the summertime, of course, when we are training our high school grad-

uates, we may need some temporary additional structures. But that money is laid in and is being provided for.

Mr. WILSON. Well, I want to assure you for the facilities we have, we have the right climate in South Carolina, meteorologically. And the people are warm. So you are welcome to expand. Thank you very much for your service.

General CONWAY. Thank you, sir.

The CHAIRMAN. Thank the gentleman.

The gentlelady from Guam, Ms. Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Chairman. And thank you for including the importance of the military buildup on Guam in your opening statement.

Mr. Wilson, you can have a few Marines, but we want the rest, the most of them. And we have warm climate and hospitable people in Guam as well.

Secretary Winter and Admiral Roughead, I want to thank you for your testimony this morning and your leadership at the helm of the Department of the Navy.

And, of course, welcome to General Conway. You know that our community is actively preparing and planning to welcome an increase in the Marine Corps presence over the next 5 to 6 years.

Leadership from military commanders on our island is very critical for the success of the civilian/military partnership and ultimately, the overall military buildup. And I want to let you know that Admiral French is providing strong leadership as the commander of the naval forces, Marianas. I have a few questions, though, this morning regarding the prioritization of Guam initiatives and projects within the Navy's budget and at the decision making level inside the Pentagon.

Secretary Winter, I am concerned about the level of fiscal year 2009 Military Construction (MILCON) funding requested for Guam. The President's budget has programmed \$169 million of military construction work, which is about a 26 percent decrease, decrease in military construction spending on Guam over fiscal year 2008 levels.

In conversations with officials from the Joint Guam Program Office and the Naval Forces Engineering Command, it was understood that Guam has significant construction capacity constraints. And as such, the military construction funding would need to be ramped up in the years prior to the bulk of the realignment projects to avoid challenges and pressures in the future.

I was surprised at this year's decrease in the funding in the President's budget request. So I would like to have you comment on this. And if the Navy decreased its military construction dollars, was there an effort to work with the Air Force to ramp up their construction dollars since they have a nearly \$700 million unfunded requirement at Anderson Air Force Base?

Their environmental impact statements are complete for the bulk of these projects. Is that an issue that would be coordinated through the Joint Guam Program Office? And if these projects are not better addressed and if there is not more balance across these MILCON budget requests, I am afraid the departments are setting themselves up for a pressure situation and a failure in some aspects.

The construction capacity is limited, and significant activity at both installations is going to be difficult to manage all at one time in the outyears without a gradual ramp-up. We don't want delays. So I would appreciate your comments on this situation.

Secretary WINTER. Well, thank you for the question, Madam. Relative to the overall buildup activity, as you know, our principle effort right now is in two areas, one of which has to do with the development of the joint military master plan for Guam, and the other is to develop the environmental impact analyses that go along with it, which give us the authority to be able to do construction.

We are still roughly two years away from the completion of that environmental impact study. And so, our ability to do any construction activities that are tied to that particular effort to the move of Marines from Okinawa to Guam is very limited at this point. We are endeavoring to complete out all the other activities in an appropriate course of speed.

The three activities that constitute the mainstay of the \$160 million that you refer to include the modification of the pier, the infrastructure investments for waste water treatment, and I believe some barracks' enhancements as well. Those are all part of what had previously been approved and is part of our planned program.

We are going to continue to try to work that, and we are going to continue to try to make this as smooth as possible a transition. But we are limited by the current law relative to what we can do prior to the completion of the Environmental Impact Statement (EIS) that encompasses all of the construction activities associated with the move of the Marines.

Ms. BORDALLO. So what you are saying then, Mr. Secretary, is that we should see large increases by 2010, 2011 after the EIS is completed?

Secretary WINTER. Yes, ma'am. Once the EIS is completed—and we will be programming for that completion in the appropriate time period—then we will be able to lay in the construction activities appropriately.

Ms. BORDALLO. I have another question for you, Mr. Secretary. Just last week, the President's Interagency Group on Insular Areas, known as the IGIA, convened for its annual meeting here in Washington. Following the IGIA meeting, the Guam Interagency Task Force met to discuss their progress on various aspects affecting the military buildup on Guam.

And the charge of this task force is to work across the spectrum of Federal agencies to help our government validate and identify Federal funding sources to prepare for the military buildup. However, many of our local leaders, myself included, are frustrated by these meetings because while many issues have been identified, little action has been taken to date by the group by the way of a resolution or a roadmap for budget support as we go forward.

So can you, please, comment on what steps the Department of Navy is taking to address these concerns? And are these concerns being raised to higher levels with the Department of Defense or even at the Cabinet level?

Secretary WINTER. Well, thank you, ma'am.

The CHAIRMAN. Please answer the important question.

Secretary WINTER. Thank you, sir. I recently met with Secretary Ken Thorne, who has the responsibility for the interagency coordination. We are working together to be able to escalate this matter up to appropriate principles—level discussions within the interagency. And I fully expect that we will be successful in getting the level of attention that the matter requires.

Ms. BORDALLO. Thank you. Mr. Secretary, you know, we truly need to work as partners in this buildup. And like I say, I have a massive job here to work between the Federal Government and the local government. And so, we would certainly appreciate any cooperation that you can give in this respect.

Also, on the EIS question—

The CHAIRMAN. The gentlelady's time has expired. There will be a second round in just a moment.

Ms. BORDALLO. Second round? Okay.

The CHAIRMAN. The gentleman from Pennsylvania.

Mr. SHUSTER. Thanks, Mr. Chairman.

Good afternoon. A couple quick questions.

Mr. Secretary, there is an 11th and 12th T-AKE in the budget. The Congress funded the 11th T-AKE last year. Why are you asking for money again for the 11th T-AKE?

Secretary WINTER. Sir, what transpired is as we had to restructure the T-AKE program to reflect some significant increases in raw materials that had driven the cost of the earlier T-AKEs up. We used the funds that had been appropriated in fiscal year 2008 to complete the—

Mr. SHUSTER. How much money was that, sir?

Secretary WINTER. I would have to get back to you on the specific dollars.

[The information referred to can be found in the Appendix beginning on page 154.]

Mr. SHUSTER. I understood it was like about \$225 million. So you used that money for cost overruns?

Secretary WINTER. That was used for two purposes, one of which was to complete the funding on T-AKE 10 and also to initiate the advanced procurement activities on T-AKE 11.

Mr. SHUSTER. Sir, my second question is that in this fund, the National Sealift Defense Fund, you are able to move this money around, contrary to if you buy a ship in the other funds. My question, I guess, is you have an amphibious assault ship in the National Defense Sealift Fund (NDSF) funding. It is the new Maritime Prepositioning Force Future (MPFF) ship. For all intents and purposes, it is an LHA.

The Senate Armed Services Committee SASC staff had recommended, said that this was against U.S. code to place this vessel, because it is a combat vessel, into the NDSF fund. And it should be placed in the regular shipbuilding procurement in a sense so that Congress has oversight before money is fungibly moved back and forth. Why didn't we follow that recommendation?

Secretary WINTER. Sir, I would have to get back to you on that question.

Mr. SHUSTER. I bring that up because it just seems to me that if we are having MPFF, not the T-AKEs, but the amphibious assault type of craft, potentially Congress should look at pulling that

back over into the regular shipbuilding procurement because you are able to move money fairly fungibly in the NDSF fund and not with these strictures from the congressional oversight. How come they dropped out the 13th and 14th T-AKE, Mr. Secretary or CNO, that is not in the budget this year?

Secretary WINTER. That is subject to the final decision on the MPFF structure. That is something that we are currently under study and examination, expect to fully reflect—

Mr. SHUSTER. But then why didn't you take all the ships that are in the MPFF concept out of the budget? Why just those two? Why not the LHA and the others?

Secretary WINTER. Sir—

Mr. SHUSTER. I guess my questions have to do with this: The Navy has historically been terrific, 5 percent cost overruns. And yet we have had LPD, LCS, we have talked DDG or, you know, 1000 upwards of 100 percent. Last year your 30-year shipbuilding plan said it would cost \$16 billion per year. This year when you submitted the 30-year shipbuilding plan, it said it will cost \$22 billion per year. Correct?

Secretary WINTER. It depends upon the reference years, but there has been—

Mr. SHUSTER. Yes, sir. If you take the first 5 or 6 years, it is only \$19 billion or whatever, 9 percent. But overall, your present procurement budget for shipbuilding is \$11 billion. That means you are asking for twice the same amount of money for shipboard procurement.

The Army is procuring more money, more of its program in the emergency supplemental than it is in the regular budget. You don't even include the 12 ballistic missile submarines (SSBNs) in that 30-year shipbuilding plan. I guess my concern is several, that this effort—I think Mr. Duncan Hunter said it—but this effort to get shipbuilding to a certain number is going to take at least a doubling of the procurement, from what I see.

And potentially with these cost overruns, I don't know if it is best to have some of these assault vessels in the NDSF fund. And finally, why don't we have the 12 SSBNs in the 30-year shipbuilding plan?

Secretary WINTER. Well, sir, a number of questions there. The SSBNs, as I mentioned earlier today, we are just right now starting the initial study, the requirements definitions for the future deterrent force. We have just initiated that activity in conjunction with STRATCOM. There are a number of open issues there. And it is also some time to work that.

We are talking about construction starts in the 2019 time period. So we do have the time to work out through these issues. That said, it is a very complex set of issues involving not only the—

Mr. SHUSTER. I wasn't talking.

Thanks, Mr. Secretary.

Secretary WINTER. Thank you.

The CHAIRMAN. Please finish your answer, Mr. Secretary.

Secretary WINTER. It involves the warheads, the missiles, and the boats themselves. At this point in time, the analyses of the boats, the ships that would be required for construction is so imma-

ture that any cost estimate that we put in would be very—of questionable utility. And so, we elected not to put in just a placeholder.

Mr. SHUSTER. Yes, sir. Thank you.

The CHAIRMAN. The gentlelady wants a second round. The gentlelady from Guam?

Ms. BORDALLO. Thank you. Thank you very much.

The CHAIRMAN. And just a minute.

Mr. Sestak, we will have a second round if you and Mr. Taylor wish to have additional questions.

Ms. BORDALLO. I just have two short questions.

Mr. Secretary, another for you. I want to emphasize the concern regarding the EIS for the Guam buildup. We were speaking about it earlier.

2008 is a pivotal year for planning and the EIS. Yet I am aware that cooperating agencies lack the funding needed to undertake the research and provide the baseline data needed to analyze the alternatives as part of this process. Specifically, for example—and I am the chair of the subcommittee on Fisheries—the National Marine Fishery Service is stretched thin, has many priorities in the Pacific region, and internally lacks the resources required to fully participate in the EIS.

I want to register my concern and urge the Department of Navy to help fund the work by the cooperating agencies. Can you comment on the status of cooperation and funding support between the Navy and cooperating agencies on the Guam EIS?

Secretary WINTER. Thank you, ma'am. We are working together very closely, I believe, to identify the specific actions that need to take place and also to motivate the other agencies to engage and provide the appropriate people at the right times to be able to do this. But it is their responsibility to provide the funding for those activities.

In many cases, the issue is as much the availability of key people as it is the financial resources. We are trying to motivate this through the interagency working group that has been established. I think we have gone a long way toward making it clear and communicating what the needs are there. And I think that the process of escalation that Secretary Ken Thorne has been helping with will further that objective.

Ms. BORDALLO. Thank you. And this is not a question, but I hope we are looking at green building and alternative energy in this buildup. And this has to do with all of our witnesses, as we go along.

And then one last question to Admiral Roughead. In your prepared statement, you state that the Navy continues to review current and alternative carrier ports to ensure the strategic Navy force disposition. Is this a general ongoing review or a specific study or analysis? And if the latter, what is the timeline for the completion of this? And does this review include potential CVN home porting in Guam and/or Mayport, Florida?

Admiral ROUGHEAD. Thank you, ma'am. What we are doing is to look at our fleet today and determine where the best and optimum locations are for that fleet. It is something that we do routinely and repeatedly. But I wanted, as I came in to my current position, to take a look at do we have our ships and our commands and aircraft

in the right places because the world has changed a lot. And so, my staff is working on that.

The product that they produce will help us as we work on our fiscal year 2010 budget. But I believe it is important that we look at how we are positioned.

Ms. BORDALLO. Thank you very much, Admiral.

And thank you, Mr. Chairman, for the opportunity for the second round.

The CHAIRMAN. You bet.

The gentleman from Mississippi, Mr. Taylor.

Mr. TAYLOR. Thank you, gentlemen, for this marathon session. A couple of aviation questions. Given that the Pratt Whitney F-135 short takeoff, vertical landing development engine has experienced two failures during testing, do you think it would be prudent to continue the Joint Strike Fighter's competitive engine program that was mandated in last year's Defense Authorization Act but not provided any funding for the Department of Defense?

Secretary WINTER. Sir, I believe that the problems that have occurred with the 135 engine, Pratt engine, are not atypical, if you will, for a development program of this caliber. And we do believe that they are understood and they are good plans in place right now to provide the corrective remedies that will enable us to use that engine appropriately in testing.

I would note that for the Department of the Navy, both the Marine Corps and the carrier Navy, we do have a particular issue in terms of being able—having to go down to a single engine type for our fleet. The challenges of maintaining and sustaining those engines at sea are such that we cannot provide for multiple engine support onboard either our big deck amphibians or our carriers.

The CHAIRMAN. Mr. Secretary, I think the question is more during the developmental stage.

Secretary WINTER. Yes, sir.

The CHAIRMAN. Whether now we ought to be looking at two rather than one.

Secretary WINTER. Well, the point I was trying to get to, sir, is that the argument that is usually made in terms of recouping the additional costs of developing two engines is that one can make it up by having ongoing competition during production, a leader, follower arrangement. And while I am generally supportive of leader, follower arrangements, in this particular case, we cannot affect that for Navy purposes, either for the Stovall or the carrier variant.

And I think then the question that comes is, do we believe the risks associated with the 135 development are such that we need to spend several hundred million dollars a year extra to be able to maintain a second engine? And we do not believe that the risks here require that additional investment.

Mr. TAYLOR. The second question is in regard to the VH-71. I guess this is particularly interesting because of the Air Force decision.

It is currently experiencing significant cost overruns and unforeseen schedule delays. What is the department's plan for this program? How will the cost overruns be resourced to minimize impact on other Navy and Marine Corps programs? I am told that the cost has increased by 67 percent.

And a last question that was not supplied by the staff but is a curiosity of mine. There is a practice that a number of corporations have engaged in recently where a company will reach an agreement with an offshore firm and structure their business relationship to where almost all of the profits flow to the offshore firm. It is referred to as a corporate inversion.

And since most nations do not require income taxes on foreign investments in foreign profits, it becomes a very clever way for an outfit doing business in the United States to totally escape paying corporate taxes or greatly minimize their corporate taxes. So a follow-on to the Presidential helicopter is does your organization take the time to see if some of these arrangements amount to a corporate inversion.

And I realize the Air Force contract was not in your line of work. But coming from the corporate world, I think you would be probably the most knowledgeable about that practice. And if you could tell me whether or not the DOD is being vigilant on this because we certainly don't want to create a situation where an American firm is put at a cost disadvantage because they are good citizens and pay their taxes.

Secretary WINTER. Well, sir, a number of questions there. Let me first go to the question of where we are proceeding on the VH-71. The increment one is proceeding as previously planned. We are getting the first articles there. They are into tests. We also have one article up at Oswego that is being missionized, if you will, with the incorporation of all the unique mission equipment that is required for this particular program. And we are continuing that development ongoing.

We are taking another look at the increment two options there, expect that we will be able to get some clarity on that in the very near future. The specific allocation of resources for increment two in the 2009 submittal is to ensure that, notwithstanding which option of several that is chosen for the future restructuring, that we have the ability to minimize the schedule impact associated with the current hiatus of activities there.

So we have a pretty reasonable course ahead of us for increment one. And we will be looking at increment two here in the very near future.

Relative to the specific questions on the assessment of the proposals involving foreign sources, I have to tell you that I am not at all familiar with any of the evaluations that took place on the tanker program. I very deliberately kept that—gave that a wide berth.

Mr. TAYLOR. Mr. Secretary, how about on this program? Did anyone even bother to see if there was a corporate inversion, I will use the word, scheme?

Secretary WINTER. Sir, I hate to use the term. It occurred before my watch. But all of this transpired a while before I took the position. I would be happy to go and, for the record, do the research and see what we, in fact, did.

Mr. TAYLOR. May I make the request of you? Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

[The information referred to can be found in the Appendix beginning on page 154.]

The CHAIRMAN. Mr. Hunter has a follow up.

Mr. HUNTER. Thanks, Mr. Chairman.

First, I want to apologize for being out of this hearing for such a big piece of the hearing. And again, gentlemen, thank you for your testimony. And you have got major challenges here in front of you.

I guess two things. General Conway, as we move those Marines to that southern area of operation (A.O.) in Iraq, I think it is important to have a little follow up maybe on rules of engagement. I know we have had a discussion on that. But in the event that they are chopped to an International Security Assistance Force (ISAF) commander—and there may be some differences, which could be telling differences—I think it is important to resolve how those rules of engagement would devolve.

And let me ask you, gentlemen, since this is kind of the close-up of the hearing here. Is there anything that—

The CHAIRMAN. May I interrupt?

Mr. HUNTER. Absolutely. Let me ask a question, I mean. Would they not still be under American rules of engagement?

General CONWAY. Sir, that is the intent, as I understand it. And quite frankly, we are pleased with that arrangement. We think it gives us more flexibility to do what we are expected to do if we stay under U.S. rules of engagement.

The CHAIRMAN. Thank you.

Excuse me.

Mr. HUNTER. Well, yes, my only question is if the Marines—and I meant to say Afghanistan, not Iraq—that the Marines are chopped to Canadian commander in that southern A.O. and they are under his command, that we would better have a pretty clear line of communication that he has taken on for that piece of his force a different standard and if there are some material differences in rules of engagement and make sure that that is, in fact, implemented.

But anyway, I think that needs some further discussion. And we have got to be pretty careful as we walk down through that.

General CONWAY. And it is being sorted out in theater, sir, between General McNeil and the Canadian commander, frankly.

Mr. HUNTER. Okay. Okay, good. Let me just ask you a last question here, Secretary Winter. And again, thank you for all the issues you are working here. Have you worked through these problems that we have had with training submarine operations and the environmental challenges that we have had in courts?

Secretary WINTER. No, sir. We are still engaged there. In fact, as a result of the latest set of rulings in the 9th Circuit, we expect to be filing here shortly in front of the Supreme Court.

Mr. HUNTER. Okay. You know, Mr. Chairman, we worked—we thought we had worked—we had protected our folks with the changes we made in the environmental laws because at one point you had environmental laws that were interpreted to it if we disturbed marine mammals, that is, if a seal was cruising, looked over at the naval operation, that could constitute “a disturbance.” We

had a very low standard and a very difficult standard for the Navy to meet on these operations. We thought we fixed it.

Mr. Secretary, there may be additional measures that we need to take, maybe some tweaks on the law that will avoid a lot of problems and save some sailors' lives. So——

Secretary WINTER. Sir, I would appreciate the opportunity to work with your staff to take a look at some potential legislative options there.

Mr. HUNTER. Okay. Yes, I think we should look at that closely. Again, thank you, gentlemen.

Thank you, Mr. Chairman, for holding this hearing. And I apologize for being absent in such a large part.

The CHAIRMAN. Thank the gentleman.

General, Dr. Snyder asked about this issue, but let me raise it again. The 3,400 additional Marines that are being sent to Afghanistan will arrive approximately when?

General CONWAY. Sir, the end of this month and become operational the very first week of April.

The CHAIRMAN. All right. Of that 3,400 Marines, from the testimony it appears that still will not cover the required number of trainers for Afghanistan. Am I correct?

General CONWAY. Sir, that is also correct. And there has been a standing request for forces to both U.S. and coalition force militaries for 3,500 police trainers that has gone unmet now actually for several months at this point.

The CHAIRMAN. And of the 3,400, only a handful will be allowed—because of the duty requirements, only a handful will be involved with training. Am I correct?

General CONWAY. That is correct, sir. The platoons will be broken down into various locations at the district headquarters where the Afghan Police will operate. But in terms of people with the necessary skills to train those Afghan Police, that will generally not be resident in our platoons. That will be a capability that is brought in. And the numbers won't be great.

The CHAIRMAN. Should there be a requirement for additional Marines in Iraq after the 3,400 are deployed to Afghanistan, will you have any Marines to send to Iraq?

General CONWAY. Sir, we have Marines to send in the case of extremism. However, if we are to maintain any semblance of deployment to dwell, then we must be concerned about any additional requirements. We should be headed the other way. We are trying to get to a 7-month deployment and 14 months home. And we are certainly not going to do that through October.

Any additional commitment of Marines to Iraq or Afghanistan would only exacerbate that. And I would like to be looking at reducing the requirements.

The CHAIRMAN. Well, they do phenomenal work. And they should know how much we on this committee appreciate their efforts and your leadership.

The end strength issue was discussed in this committee with the Air Force where the budget has one thing and the secretary's personal opinion was something else. It appears that you are heading to level out the Navy at 322,000. Am I correct?

General CONWAY. Yes, sir.

The CHAIRMAN. And they are at, what, 325,000 today. Is that correct?

Admiral ROUGHEAD. It is 333,000

Secretary WINTER. It is around 333,000 right now. By the end of this year, we will be down to about 327,000, is the goal.

The CHAIRMAN. This year?

Secretary WINTER. Yes, sir, fiscal year 2008 and——

The CHAIRMAN. And then you get down at 322,000 roughly when?

Secretary WINTER. It is about a 5-year glide slope to get down the last 5,000, sir.

The CHAIRMAN. And that is done through attrition, I take it?

Secretary WINTER. Basically, yes, sir.

The CHAIRMAN. You won't be just throwing people out?

Secretary WINTER. No, sir.

The CHAIRMAN. No, sir. And as people retire or leave to go back to their civilian job, that will take care of that. I thank you.

General, one last question. There is an exceptional family member program. Does that include families with autistic children?

General CONWAY. Yes, sir, it does. Mr. Chairman, about 3 percent of our Marines who are married are signed on to our exceptional family member program. And our first issue with those families is—the term escapes me—asthma-related types of disabilities. Second are psychiatric. But third on the list is autism.

The CHAIRMAN. Thank you.

Well, gentlemen, thank you for your patience, your knowledge, your dedication, not just to the Navy and to the Marine Corps, but to our country. With that, we are adjourned. Thank you.

Admiral ROUGHEAD. Thank you, sir.

Secretary WINTER. Thank you, Mr. Chairman.

[Whereupon, at 1:06 p.m., the committee was adjourned.]

A P P E N D I X

MARCH 6, 2008

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 6, 2008

**NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE**

**STATEMENT OF
HONORABLE DONALD C. WINTER
SECRETARY OF THE NAVY
BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
6 MARCH 2008**

**NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE**

The Secretary of the Navy's FY 2009 Posture Statement

The Navy and Marine Corps Team...fighting today and preparing for future challenges

I. Introduction

Chairman Skelton, Congressman Hunter and Members of the Committee, it is an honor to appear again before you representing the men and women of the United States Navy and the United States Marine Corps—active, reserve, and civilian—a force of over 800,000 strong.

I am here to present the Department of the Navy's (DON) plan to support our Sailors and Marines in their mission to defend our Nation against current and future challenges as they conduct operations spanning the spectrum, from major combat to humanitarian assistance. The President's Fiscal Year (FY) 2009 Budget will assist the Navy and Marine Corps in accomplishing their complimentary and reinforcing missions, while building capabilities necessary to meet future threats. The FY 2009 budget balances capabilities to support both traditional and irregular warfare demands. It also continues to expand the Marine Corps' capacity and furthers the transformation from a blue water navy into one that can fight and win in the blue, green, and brown waters.

As I reflect upon my time as Secretary of the Navy, nothing is more sobering than the experience of seeing—every single day—the dedication, professionalism, and willingness to sacrifice shown by our Sailors, Marines, civilian employees, and their families. I will attest to you their unwavering commitment to duty. These patriots put themselves in harm's way to protect our Nation. From those who have given the ultimate sacrifice, such as Medal of Honor recipients Lieutenant Michael Murphy and Corporal Jason Dunham, to those who daily take the pledge to support and defend our Nation, our Navy and Marine Corps Team is second to none. It is because of their efforts that we are making progress fostering maritime security, defeating terrorist networks, progressing towards a stable Iraq, supporting the Afghan government, countering piracy and the proliferation of deadly technology, giving humanitarian assistance to people in need after Tsunamis and earthquakes, and strengthening partnerships around the world. The men and women of the Navy and Marine Corps have responded when called upon. It is an honor and privilege to work with them and support them as their Secretary.

Today our Nation is faced with a myriad of challenges and uncertainties across the globe. There have been several unexpected, and sometimes sudden, changes in the security environment over the past few years. Yet many of the strategic imperatives of the United States—particularly with respect to the maritime environment—remain unchanged. It is clear the United States must have the capacity to act in such a fluid and unpredictable environment, and that Naval forces offer unique flexibility to respond swiftly and decisively anywhere in the world. Providing this flexibility requires that the Department of the Navy invest wisely across a wide range of capabilities, and that we take care to deliver a balanced portfolio of capabilities to the Joint force.

Worldwide presence, credible deterrence and dissuasion, projection of power from naval platforms anywhere on the globe, and the ability to prevail at sea are the critical, most fundamental elements of the Navy and Marine Corps strategic posture; these are our indispensable contributions to the joint warfighting capability of the Nation.

The United States is a maritime power, bounded by sea to the east and west. The health of our national economy depends on assuring safe transit through the seas—and the maritime dimension of international commerce is ever increasing. Consider that 70 percent of the earth is covered by water, 80 percent of the world's population lives in close proximity to the coast, and 90 percent of the world's international commerce is transported via the sea. Given our national interests, and the role we play in the world, it is unsurprising that our Sailors and Marines are constantly called upon to react to a wide range of challenges. I suggest that the strength of a nation's naval force remains an essential measure of that nation's status and role in the world. I also submit that maritime dominance by the United States remains vital to our national security, to our position in the world, and to our ability to defend and promote our interests.

Last fall, the Department of the Navy, in collaboration with the U.S. Coast Guard, reaffirmed its emphasis on the traditional capabilities of forward presence, deterrence, sea control, and power projection in its new Maritime Strategy: *A Cooperative Strategy for 21st Century Seapower*. However, the Maritime Strategy also makes clear that we consider our core capabilities to include maritime security and the provision of humanitarian assistance and disaster relief—areas of growing importance. The strategy emphasizes the use of soft power, and highlights the criticality of our foreign friends and allies, while reminding us that the underlying credibility for partnerships and peace is the United States' ability to swiftly defeat a threat with overwhelming and decisive combat power.

The unique nature of our Department is such that the Navy and Marine Corps team is a constantly deployed force, both in peacetime and in war, with the further ability to surge assets worldwide, anytime required. As we consider the current and projected strategic environment, we must anticipate a steadily growing reliance on our unique expeditionary character. This is becoming ever more apparent. The challenge of resourcing our two services across such a large range of steadily growing global missions, from partnership building to combat operations, is one that we have met with the President's FY 2009 Budget.

Reflected in the Budget submittal is the fact that today's Navy and Marine Corps are operating in blue, green and brown waters, in the air and on the shore—and sometimes deep inland—facing a wide variety of threats. On any given day, approximately 40 percent of the fleet is deployed at sea or involved in pre-deployment training. Forward deployed carrier and expeditionary strike groups operate on the high seas, unencumbered by constraints facing land-based forces. They are providing our combatant commanders with many important and powerful combinations of capability: tactical aviation, land attack systems, SEAL and Marine special operations forces (SOF), intelligence and surveillance platforms, amphibious assault and forcible entry capacity, over-the-horizon force projection, and flexible seabasing and at sea logistical support. Our full spectrum of capabilities also includes ship-based ballistic missile defense—providing a shield that not only protects our maritime freedom of movement and access, but

which also contributes to the defense of our allies and our homeland against missile threats. In other words, we are presenting a budget which supports a force in high demand across the globe.

The President's Budget does more than just fulfill our responsibilities in today's complex environment; it continues to evolve our portfolio of capabilities. This is essential to our ability to defend against future threats which could range from the asymmetric—from terrorists to proliferation and/or use of weapons of mass destruction—to the more traditional challenges posed by nation-states and possible future "near peer" competitors.

Evolving our portfolio of capabilities can be challenging, since the Navy and Marine Corps have an operational construct that emphasizes forward deployment and presence. Historically, while the bulk of U.S. forces return home after cessation of a conflict or crisis, our maritime forces often do not. They are continuously present in forward regions, and through their forward engagement they maintain familiarity with the environment and the characteristics of regional actors; they also foster and sustain trust and cooperation with friends and allies. Thus when a threat to our national security emerges overseas, it may well be encountered first by the Navy and Marine Corps. Meeting that threat, whether on land, in the air, on the high seas, or under the sea, will require our forces to be in peak fighting condition. They must be ready to fight and win at any time, and to do so at great strategic distance. We have developed a budgetary plan which addresses these requirements.

We have developed the budget in the face of a demanding and rapidly changing security environment, and there are worrisome trends that bear watching. Nations are developing weapons and systems which seem deliberately intended to threaten our Naval assets, deny access, and restrict our freedom of maneuver. The proliferation of anti-access weapons technology to unfriendly nations is a significant concern. Furthermore, the Department of the Navy, like other parts of the Department of Defense (DoD), has been a target of aggressive foreign intelligence and data-collection activities. As such, we need to invest in the capabilities necessary to preserve our technological advantage. Additionally, aside from growing costs and schedule delays in some acquisition programs, we also struggle with regulatory encroachment and legal challenges that threaten to undercut our ability to effectively train and maintain readiness. We must address these challenges; doing so is fundamental to maintaining our Naval readiness and our capability to defend our Nation.

In summary, the Department of the Navy's FY 2009 budget invests in the Navy and Marine Corps to operate, sustain and develop forces that will remain engaged in the Global War on Terrorism (GWOT), while at the same time preparing the force for the challenges and threats of the future. The FY 2009 budget requests \$149.3 billion for these purposes. This is a 7 percent increase over the FY 2008 baseline and is driven by factors such as rising oil costs and the critical, comprehensive growth of the United States Marine Corps.

Priorities for the Department of the Navy

The Department of the Navy is committed to finding solutions that allow the Navy and Marine Corps to balance our current requirements and operational realities with the likely needs of the future. We strive to maintain an agile and flexible force that can not only contribute to

winning our Nation's wars but also can assist in preventing future conflict to the extent possible—whether by dissuasion, deterrence, humanitarian action or disaster relief. As such, our priorities remain consistent with those in previous years. They are to:

- Prevail in the GWOT;
- Take care of our Sailors, Marines, their Families and particularly our wounded; and
- Prepare for future challenges across the full spectrum of operations.

As in the past, for the sake of brevity, some of the key programs are highlighted and can be found in greater detail in the *Highlights of the Department of the Navy FY 2009 Budget*.¹ This statement is designed to reinforce, and build upon, initiatives articulated in previous testimony and budget material.

II. Prevail in the Global War on Terrorism

The Department's top priority remains the Global War on Terrorism. Today, approximately 29,300 Marines and 11,300 Sailors (including individual augmentees) operate ashore, along with 12,000 Sailors at sea. They are conducting and supporting operations in Iraq and Afghanistan, and throughout the U.S. Central Command region, and their contributions are central to the progress being made.

Naval forces provide a major part of the national worldwide rotational presence and an increasing portion of the required support for ground units in OPERATION ENDURING FREEDOM (OEF) and OPERATION IRAQI FREEDOM (OIF). They operate across the spectrum—from low intensity conflict, humanitarian assistance and disaster relief, to high intensity conflict involving airborne strike and Marine Corps forces in coordinated joint and coalition ground operations. To illustrate the wide range of activities undertaken, it is noteworthy that, in 2007, five Carrier Strike Groups and five Expeditionary Strike Groups deployed in support of OEF and OIF. Throughout 2007 the Marine Corps provided three embarked Marine Expeditionary Units (MEUs) forward positioned in all geographic commands. Two of these MEUs were employed ashore in support of Multi-National Force-West and participated in sustained combat operations. Naval aviation, afloat and ashore, in concert with U.S. Air Force and coalition aviation forces, has provided critical strike, overland surveillance, logistical and electronic warfare support to the joint land forces deployed in Iraq and Afghanistan. The Navy has also deployed riverine forces for the first time since Vietnam, operating on Lake Thar Thar and the Euphrates River. The Marine Corps also achieved a milestone with successful deployment of the first MV-22 Osprey squadron in OIF operations. Naval Special Warfare (NSW) forces continue to be actively engaged in combating terrorism. The Navy SEALs and the Marine Special Operations Command have done outstanding work in OIF/OEF and have made critical progress in countering the threat of international terrorism. We will continue to prioritize investment and retention of our highly skilled special operations forces.

In addition to traditional types of maritime activities, the Navy continues to support the GWOT in a variety of non-traditional areas. For example, Navy Sailors are leading a number of

¹ *Highlights of the Department of the Navy FY 2009 Budget*, February 2008.

Provincial Reconstruction Teams in Afghanistan today. Significant numbers of Naval combat support and combat service support personnel are relieving the Army and Marine Corps in select mission areas. In U.S. Central Command, Navy personnel are providing base and port operations support, medical, explosive ordnance disposal, construction battalions, civil affairs, electronic warfare, mobile security forces, detainee operations, intelligence, and headquarters staff support. The Navy also continues command of the detainee mission in Guantanamo Bay, Cuba and at Camp Bucca, a high security prison in Iraq. Executive agent responsibilities are discharged by the Navy for the GWOT-related Combined Joint Task Force Horn of Africa (CJTF HOA) in Djibouti. CJTF HOA has transformed from its initial seafaring force, aimed at blocking terrorists fleeing Afghanistan (and preventing them from establishing new safe havens), into a task force that also conducts military-to-military training and humanitarian assistance over a large geographic expanse of eight countries.

With respect to the Marine Corps, the II Marine Expeditionary Force Forward, augmented by Marines from around the Corps, conducted counterinsurgency operations in Iraq and led the Multi-National Force-West in Al Anbar Province, supported by Army, Air Force, and Navy personnel. The achievements of the Marines in Al Anbar have been widely noted, and their success in creating a permissive environment for local governance and economic development—making significant inroads in security, training, and transfer of responsibility to their Iraqi counterparts—has been crucial. More broadly across the country, Marine Corps Transition Teams have conducted training for Iraqi military, police and border teams. The Marine Corps provided over 800 personnel across more than 50 types of Iraqi transition teams in 2007. Building upon these successes in Iraq, recently the President approved the deployment of 2,200 Marines to Afghanistan in support of the NATO-led International Security Assistance Force mission, and 1,000 Marines to assist in the training and development of the Afghan National Security Forces. In preparation for these overseas missions, the Marine Corps continues to implement comprehensive training programs at home, such as Mojave Viper and Desert Talon.

At sea, the effective conduct of Maritime Security Operations is a critical element of the fight against terrorism. In the Northern Arabian Gulf, our Sailors and Marines are working with Coalition and Iraqi forces in a Coalition Task Group to defend the Al Basra Oil Terminal and the Khawr al Amaya Oil Terminal. The security of these platforms is provided through waterborne patrols in Rigid Hull Inflatable Boats, platform security personnel, and helicopter surveillance. Working with our NATO Allies, the Navy continues to provide support for OPERATION ACTIVE ENDEAVOR, which is an ongoing maritime interdiction effort in the Mediterranean. Similarly, the conduct of operations to dissuade and counter piracy off the West African coast and the actions of the guided missile destroyers USS PORTER, USS ARLEIGH BURKE and USS JAMES E. WILLIAMS off the coast of Somalia this past October are examples of how the Navy is working to provide a secure maritime environment.

Fostering enduring foreign partnerships and friendships is yet another key contributor to the GWOT, as we bolster the capacity of nations to work with us, and to conduct counter-terrorism efforts of their own. The Navy is continuing to develop the concept of Global Fleet Station (GFS), envisioned to be a highly visible, positively engaged, reassuring, and persistent sea base from which to interact with the global maritime community of nations. The Department demonstrated the concept through the GFS pilot in October, using the HSV-2 SWIFT in the

Caribbean, and again with the African Partnership Station in the Gulf of Guinea, using the USS FORT MCHENRY and HSV-2 SWIFT. In addition to targeted outreach activities, the Navy and Marine Corps team extends America's diplomatic reach through the conduct of multinational exercises and port visits. Throughout 2007, the Naval force participated in over 230 bilateral and multinational exercises with partners around the globe.² The Marine Corps also participated in over sixty Theater Security Cooperation events, which ranged from deployment of small Mobile Training Teams in Central America to MEU exercises in Africa, the Middle East, and the Pacific. Additionally, several overseas training events were held with foreign special operations forces to improve interoperability with Navy and Marine SOF, and the Department provided support to the stand-up of NATO's new SOF Coordination Center. The cumulative effect of these exercises and events is to foster trust and sustain cooperative relationships with our international partners. This is critical to U.S. national security.

Outreach to foreign populations is also an important part of the Nation's efforts to stem the spread of terrorism. This is an important mission for the Navy and the Marine Corps and is a tangible way that we can demonstrate the compassion and values of the American people. Last year, the Navy and Marine Corps together were at the forefront of numerous humanitarian assistance and disaster relief operations. Sailors and Marines in the Pacific provided desperately-needed humanitarian support to Bangladesh in the aftermath of Cyclone Sidr. The Marine Corps engaged in civil-military and humanitarian assistance operations such as "New Horizons" in Nicaragua and land mine removal training in Azerbaijan. The joint and combined crew aboard the USNS COMFORT gave humanitarian aid during a four month tour in Latin America and the Caribbean. During Pacific Partnership 2007, the joint and interagency crew of the USS PELELIU gave similar aid to the Philippines and other Pacific island nations. We hope that the support given during these missions, whether it was the Seabees' reconstruction of homes and schools devastated by a tsunami, or inoculation and treatment of children and the elderly by Navy and Marine medical professionals, helped convey a positive image of the United States with local populations.

Finally, within the United States, the Department continues its emphasis on providing increased force protection to our Sailors and Marines, particularly in the area of counter-improvised explosive devices (IED). As lead service for the joint Mine Resistant Ambush Protected (MRAP) vehicle program, the Department accelerated production for MRAP vehicles to rapidly field this capability in Iraq and Afghanistan. Through the use of Lean Six Sigma activities and projects, the Department synchronized an effort to build and transport MRAP vehicles to the theater, rapidly identifying and mitigating deficiencies in the MRAP vehicle pipeline. Over 2,000 MRAP vehicles have been fielded to support the Department's joint urgent requirement, over 900 of which are in the hands of Marines and more than 150 fielded to the Navy. Also as part of the broader counter-IED effort, the Department is procuring Biometric

² Illustrative of our global security cooperation are exercises involving the Japanese Maritime Self Defense Force and the Indian Navy during TRILAX 07 in the Northern Pacific; PHOENIX EXPRESS 07 with Moroccan, Algerian, and Tunisian forces west of the Gibraltar Strait; BALTOPS 07 in the Baltic Sea with Denmark, France, Germany, Sweden, Poland, Russia, Latvia, Lithuania, the United Kingdom, and NATO; AMAN 07 with Pakistan, Great Britain, China, France, Italy, Malaysia, Turkey, and Bangladesh; UNITAS off of South America's Pacific coast with Chile, Colombia, and Peru; and MALABAR with forces from India.

Tools, the Family of Imaging Systems, counter-IED robotics, and Counter Radio-Controlled IED Electronic Warfare systems.

Adapting the Naval Force for GWOT and Future Missions

The Marine Corps and Navy are being called upon today to conduct surge operations, conduct Iraq unit rotations, provide additional forces to Afghanistan, and prepare for other challenges. The Department has not only addressed these commitments, but is contributing low supply, high demand forces (e.g., Explosive Ordnance Disposal (EOD) units) to support the other services and coalition efforts. Of our deployed EOD teams, over 50 percent operate in support of other services. Additionally, over the course of 2007, the Navy provided 12,985 Active Component Augmentees and 9,527 Mobilized Reservists in support of OEF and OIF globally, and filled approximately 8,000 Individual Augmentee and 4,500 "in-lieu-of" requirements. The Navy has increased several low density, high demand specialties and units, such as Construction Battalions and EOD teams. In October 2007, the Navy commissioned its newest Construction Battalion and Construction Regiment, bringing them to a total of 9 active duty battalions and 3 active duty regiments. Further, in order to relieve stress on Marines and their families, and to address future contingencies, the Marine Corps is growing the force, exceeding its 2007 target of 184,000 Marines; the Marine Corps is on track to meet the goal of 202,000 by FY 2011.

Reshaping of the force is an important and evolutionary process. To do this, the Department is focused on three fronts: recruiting the right people, retaining the right people, and achieving targeted attrition. Recruiting objectives are focused on increasing the quality of the Total Force and seeking qualified Sailors to include special emphasis on filling the ranks of SEAL, NSW, Navy Special Operations, Special Warfare Combatant-Craft Crewmen, EOD, Divers, Hospital Corpsmen, and Women in Non-traditional Ratings (Master-at-Arms and Seabees). Recruiters are also focused on creating a smooth flow of recruits into boot camp by maintaining and mentoring a healthy pool of young men and women in the Delayed Entry Program.

The Department has also implemented initiatives to increase visibility and incentives for medical recruitment. While we have seen improvement in some medical programs, such as in the Nurse Corps with direct accessions, numerous challenges remain in recruiting and retaining medical personnel. Retention challenges exist in critical specialties that require 3-7 years of training beyond medical school. In the Dental Corps, we face challenges in retaining junior officers between 4-7 years, and we also are experiencing high attrition rates for junior officer ranks in the Nurse Corps. To combat the recruiting challenges and continue supporting the increased demand for the OIF/OEF, we implemented increased accession bonuses for the Nurse Corps and Dental Corps; funded a critical skills accession bonus for medical and dental school Health Professions Scholarship Program (HPSP) participants; increased the stipend for HPSP students, as well as Financial Assistance Program participants; expanded the critical skills wartime specialty pay for reserve component medical designators; recently implemented a Critical Wartime Skills Accession bonus for Medical and Dental Corps; and implemented a Critical Skills Retention bonus for clinical psychologists.

We note that the FY 2008 National Defense Authorization Act (NDAA) restricts military to civilian conversions for the medical community through September 30, 2012. Due to the date of enactment of this legislation, it is not reflected in the FY 2009 President's Budget request, but

the plan is now being readdressed. Resolution will require careful planning, and we are working closely with the Office of the Secretary of Defense on this matter.

Incentive programs were a key component of our enlisted recruiting success in 2007. The enlistment bonus continues to be our most popular and effective incentive for shaping our accessions. The authority to pay a bonus up to \$40,000 made a significant contribution to our Navy Special Warfare and Navy Special Operations recruiting efforts. Likewise, our Reserve Component success would not have been possible without the availability of enlistment bonuses. Extended incentive authorities towards some of our more specialized skill fields, including nuclear and aviation, will help to recruit and retain these critical skill sets, while renewal of accession bonuses will help to expand the force to newly mandated levels. The continued support of Congress in the creation of flexible compensation authorities affords the Department the tools that will help shape the force for the 21st Century.

The Grow the Force mandate by the President is a long-term plan to restore the broad range of capabilities necessary to meet future challenges and mitigate global risk to national security of the United States. The Marine Corps will grow the force by 27,000 (from 175K to 202K) Marines over five years. This additional capacity and capability will enable full spectrum military operations in support of allies and partners as well as against potential enemies. In 2007, the Marine Corps added two infantry battalions, capacity to the combat engineer battalions and air naval gunfire liaison companies, and planned the training and infrastructure pieces necessary to build a balanced warfighting capability. The Marine Corps has achieved success in recruiting and maintaining quality standards. This is a remarkable achievement for an all volunteer force during a sustained war. The Marine Corps anticipates continued success in meeting recruiting and retention goals to achieve this planned force level. This end strength increase addresses more than current operations in Iraq and Afghanistan. It ensures that the Marine Corps will be able to deal with the challenges of the Long War and will reduce combat stress on Marines and their families by moving towards a 1:2 deployment to dwell ratio. Currently many Marines are on a 1:1 or less deployment to dwell ratio.

Navy and Marine Corps Reserves continue to be vital to successfully fighting the GWOT and in accomplishing routine military operations. The Marine Corps and Navy activated, respectively, 5,505 and 5,007 reservists to fulfill critical billets in OIF and other gaps in headquarters and operational units. At the close of FY 2007, the Navy and Marine Corps Reserves end strength was 69,933 and 38,557 respectively.

Readiness

The Department's budget reflects a commitment to properly price and fund readiness to meet the demands of the Combatant Commands. For FY 2009, the Fleet Response Plan (FRP) is funded to achieve "6+1"—the ability to support deployment of six carrier strike groups within 30 days and one additional group within 90 days. Additionally, the FY 2009 budget funds 45 underway steaming days per quarter for deployed forces and 22 underway days per quarter for non-deployed forces. For the Marine Corps, equipment readiness accounts are focused on supporting the operational and equipment readiness of units engaged in operations in OIF. The Marine Corps has made tradeoffs in this area by cross-leveling equipment from units not in the

fight, and while the force made great strides in its overall readiness to conduct counterinsurgency operations, this has been achieved at the expense of other traditional training, such as amphibious assault and jungle warfare.

Carrier Waiver. The Navy is committed to maintaining an aircraft carrier force of 11. However, during the 33-month period between the planned 2012 decommissioning of USS ENTERPRISE and the 2015 delivery of the USS GERALD R. FORD, legislative relief is requested to temporarily reduce the carrier force to ten. Extending ENTERPRISE to 2015 would involve significant technical risk, challenge our manpower and industrial bases, and require significant resource expenditure; with only minor gain for the warfighter in carrier operational availability and significant opportunity costs in force structure and readiness. The Navy is adjusting carrier maintenance schedules to meet the FRP and ensure a responsive carrier force for the Nation during this proposed ten carrier period.

Law of the Sea Convention. It is critically important to the United States and our friends and allies that the seas of the world remain safe and open for all nations. Accordingly, the Department of the Navy supports U.S. accession to the Law of the Sea Convention. The Treaty codifies important principles of customary international law, such as Freedom of Navigation and rights of passage. Joining the Convention, with the declarations and understandings reflected in Senate Report 110-9 (Senate Foreign Relations Committee), will assist the United States to exercise its leadership role in the future development of open oceans law and policy. As a non-party, the United States does not have full access to the Convention's formal processes (through which over 150 nations participate in influencing future law of the sea developments). By providing legal certainty and stability for the world's largest maneuver space, the Convention furthers a core goal of our National Security Strategy to promote the rule of law around the world.

Suppression of Unlawful Acts (SUA). The Department supports expeditious U.S. ratification of the 2005 Protocol of the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation and the 2005 Protocol to the 1988 Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf ("SUA Amendments"), adopted by the International Maritime Organization on October 14, 2005, and signed by the United States on February 17, 2006. The SUA Amendments significantly strengthen the legal regime to criminalize terrorist acts and combat weapons of mass destruction proliferation in the maritime domain making them an important component in the international campaign to prevent and punish such acts.

Encroachment. A critical readiness issue is our ability to be prepared to meet the full spectrum of operations that may arise globally. This requires that we have the ability to properly train our sons and daughters in a manner that effectively prepares them for the threats they may encounter. In order for Naval forces to be able to meet our operational commitments we need installations and ranges, the ability to continue to use them for their intended purposes, and the ability to augment them when necessary to respond to changing national defense requirements and circumstances.

We appreciate the action taken by Congress to recognize the importance of protecting Naval installations from encroachment pressures by enacting section 2863 of the FY 2007 National Defense Authorization Act that establishes prohibitions against making certain military airfields or facilities, including Marine Corps Air Station Miramar, available for use by civil aircraft. We seek your continued support to move forward with plans for the Outlying Landing Field (OLF) that is critically needed to support training requirements for Carrier Air Wing aircraft based at Naval Air Station Oceana and Naval Station Norfolk. The OLF will directly support the Department's ability to meet its national defense commitments under the FRP and provide naval aviators critical training in conditions most comparable to the at-sea operating environment they will face. In response to public comments regarding the previous site alternatives, the Navy has terminated the draft Supplemental Environmental Impact Statement (EIS) and will initiate a new EIS that examines five new site alternatives, three in Virginia and two in North Carolina, based upon new information provided by officials in those states. I ask for your continued support as we work with the Congress and the States of Virginia and North Carolina to preserve and improve the installation and range capabilities needed to properly train our young men and women before we send them into harms way.

Marine Mammals and Active Sonar. The most critical readiness issue relates to the Navy's ability to train using active sonar while minimizing the effect on marine mammals. One of the most challenging threats that our Naval forces face is modern, quiet diesel-electric submarines. These submarines employ state-of-the-art silencing technologies and other advances, such as special hull treatments, that make them almost undetectable with passive sonar and also reduce their vulnerability to detection with active sonar. A diesel-electric submarine so equipped can covertly operate in coastal and open ocean areas, blocking Navy access to combat zones and increasing United States vessels' vulnerability to torpedo and anti-ship missile attacks. Currently, over 40 countries operate more than 300 diesel-electric submarines worldwide, including potential adversaries in the Asia-Pacific and Middle East areas. Naval strike groups are continuously deployed to these high-threat areas. Training with the use of mid-frequency active (MFA) sonar is a vital component of pre-deployment training. The tactical use of MFA sonar is the best means of detecting potentially hostile, quiet, diesel-electric submarines. The inability to train effectively with active sonar literally puts the lives of thousands of Americans at risk.

In January 2008, a federal district court issued an injunction precluding the Navy's ability to train effectively with MFA in critical exercises scheduled to occur in the Southern California Operating Area through January 2009, creating an unacceptable risk that strike groups may not be certified for deployment in support of world-wide operational and combat activities. Because the Composite Unit Training Exercises and the Joint Task Force Exercises off Southern California are critical to the ability to deploy strike groups ready for combat, the President concluded that continuing to train with MFA in these exercises is in the paramount interest of the United States and granted a temporary exemption from the requirements of the Coastal Zone Management Act for use of MFA sonar in these exercises through January 2009. Additionally, the Council on Environmental Quality (CEQ) concluded that the risk that strike groups might not be certified constituted an emergency circumstance requiring alternative National Environmental Policy Act arrangements. These alternative arrangements were accepted by the Navy. Despite these developments, the trial court refused to set aside the injunction. As a result the Navy appealed the court's refusal to give effect to the President's and CEQ's actions by dissolving the

injunction and the court's failure to properly tailor the injunction in the first place to allow the Navy to train effectively. On February 29, the Ninth Circuit upheld the trial court. Acknowledging the Chief of Naval Operations' (CNO's) concern that the injunction issued by the trial court in its current form will "unacceptably risk" effective training and strike group certification, however, the Ninth Circuit also temporarily and partially stayed several features of the injunction. This temporary and partial stay should allow us to complete two training exercises this month, which are critical to preparing two strike groups for deployment.

The Department continues to be a good steward of the environment, while providing the necessary training that is essential to national security and ensures the safety of our people. The Department is engaged in a comprehensive effort to ensure compliance with the National Environmental Policy Act, Marine Mammal Protection Act, Endangered Species Act, Coastal Zone Management Act, National Marine Sanctuaries Act, and Executive Order 12114. Twelve EISs are in development with associated Records of Decision (ROD) scheduled for issuance by the end of calendar year 2009. The Navy implements twenty-nine protective measures developed in conjunction with the National Marine Fisheries Service, the Federal regulator responsible for oversight and implementation of the Marine Mammal Protection Act. These measures afford significant protection to marine mammals while maintaining training fidelity. The Navy has steadily increased funding for marine mammal research from \$12.5 million in FY 2004 to \$22 million in FY 2009. The Navy's financial commitment constitutes more than half of the world-wide funding for research on the effects of anthropogenic sound on marine mammals. Over the past several years, tremendous progress has been made in expanding the scientific base of knowledge, especially concerning the species identified as the most sensitive to mid-frequency active sonar, deep diving beaked whales. The Navy, working with the National Marine Fisheries Service, is engaged in a three-year controlled exposure study of sound on whales at the Navy's Atlantic Undersea Test and Evaluation Center in the Bahamas. This study, along with other research, development, test and evaluation efforts, will provide further information needed to understand and effectively mitigate the effects of active sonar on marine mammals.

III. Take Care of Our People

In 2007 the Department implemented a Human Capital Strategy that focuses on our most valuable asset, the Department's people. In the strategy, the Department addresses the changes in warfare, workforce, technologies, and processes and lays out the strategic objective to produce and employ the right people with the right skills to support or accomplish 21st Century Naval missions. The development and retention of quality people is vital to our continued success. The Department of the Navy is committed to sustaining quality of service and quality of life programs, including training, compensation, promotion opportunities, health care, housing, and reasonable operational and personnel tempo. The cost of manpower is the single greatest component in the FY 2009 budget. The FY 2009 budget requests \$41.6 billion for Military Personnel and includes a 3.4 percent Military Personnel pay raise. This investment is critical to ensuring a Naval force with the highest levels of ability and character.

Comprehensive Care. As Secretary of Defense Gates has stated, "Apart from the war itself, we have no higher priority (than to take care of our Wounded, Ill, and Injured)." Over the sustained

combat operations in the GWOT, the Department has endured the loss of over 830 Marines and 75 Sailors killed in action, and over 8,500 Marines and 600 Sailors wounded in action. These Marines and Sailors and their survivors deserve the highest priority care, respect and treatment for their sacrifices. We must ensure our wounded warriors and families receive the appropriate care, training and financial support they need. Failing them will undermine the trust and confidence of the American people. Consequently, the Department of the Navy initiated a Comprehensive Casualty Care effort in March 2007 to ensure visibility of the full range of needs of service members and their family members and the coordination and expedient delivery of clinical and non-clinical services throughout the continuum of care. Among the initiatives pursued under this effort was a Lean Six Sigma mapping of the casualty care process to identify areas of patient transitions, gaps in service, and unmet needs across key functional service areas to include: Medical, Pay, and Personnel, Family Support, Case Management, Information Technology, and the Disability Evaluation System. The following sections provide some specific examples of the Department's actions and plans for improving care for our people.

Combat Casualty Care. Navy Medicine provides combat casualty care to Navy and Marine Corps units, on Expeditionary Medical Facilities, aboard casualty receiving/treatment ships and hospital ships, and in military hospitals. Recent advances in force protection, battlefield medicine, combat/operational stress control, and medical evaluation have led to improved survival rates for wounded (approximately 97 percent) and enhanced combat effectiveness. In September 2007 Naval Medical Center San Diego stood-up a Comprehensive Combat Casualty Care Center providing inpatient and outpatient services to all levels of combat casualties, including rehabilitative, mental health and prosthetic care. The unit is the military's first and only center for amputee care on the West Coast. This year the Marine Corps is reorganizing Medical Battalions and fielding the Family of Field Medical Equipment, modernizing 34 different medical systems such as the Traumatic Brain Injury (TBI) scanner and the Airframe First Aid Kit.

Wounded Warrior and Safe Harbor. In FY 2007 the Marine Corps expanded its existing programs by establishing the Wounded Warrior Regiment with a Wounded Warrior Battalion on each coast to provide better continuity of care for wounded warriors. Specifically, these organizations provide wounded warriors a location to recuperate and transition in proximity to family and parent units. The Navy has a number of programs ensuring care for all wounded, ill and injured Sailors and their families. Those severely wounded, ill, and injured Sailors and their families receive non-medical case management and advocacy from the Navy's Safe Harbor Program. Safe Harbor provides assistance in dealing with personal challenges from the time of injury through return to duty or transition to civilian life.

Post Traumatic Stress Disorder. Specific improvements for post traumatic stress disorder include both preventive and post deployment care. The Marine Corps is employing Operational Stress Control and Readiness teams to provide early intervention, outreach, and prevention at the unit level in close proximity to operational missions, reducing stigma associated with conventional mental health care. The Navy is enhancing the Operational Stress Control Program and is completing phase two of the in-theater Behavioral Health Needs Assessment Survey to identify mental health needs, guide development of appropriate prevention and treatment programs, and ensure adequate in-theater mental health support. To date in FY 2008, Navy

Medicine expanded the Deployment Health Clinic (DHC) concept to a total of 17 Centers. These DHCs logged over 30,000 visits encompassing the entire range of post deployment healthcare symptoms. These clinics are designed to be easily accessible, non-stigmatizing portals for effective assessment and treatment of deployment-related mental health issues. Three additional DHCs are planned for 2008. Specialized training is also being provided to the Chaplain Corps and non-mental health medical personnel to include mind, body and spiritual practices. Augmenting the ability to deliver the highest quality of Psychological Healthcare available, Navy Medicine committed \$7 million to stand-up a Naval Center for the Study of Combat Stress that will support all of the varied and diverse mental health needs.

Traumatic Brain Injury (TBI). The Department is engaged in activities to address TBI and remains committed to the further expansion of TBI research and availability of services for our service members. Navy Medical Research Command uses new techniques to identify transmissibility of blast wave energy into the brain, focusing on the nexus between the blast wave energy transmission and the resulting brain pathology. Navy researchers serve on the Health Affairs Senior Executive Advisory Committee on TBI sensor development and coordinate closely with the U.S. Army Program Executive Office in the development of helmet mounted monitors. The National Naval Medical Center's Traumatic Stress and Brain Injury Program serves blast-exposed or head-injured casualties aero-medically evacuated out of theater. Over 1,082 blast-exposed service members have been evaluated for psychological health and traumatic brain injury. In May 2007, Naval Medical Center San Diego stood up a Traumatic Stress and Brain Injury Program, and in September 2007, Camp Lejeune stood up a similar program.

Physical and Medical Evaluation Boards. The Department refined the physical and medical evaluation board process to ensure timely, comprehensive and transparent actions balancing the rights of the individual and the needs of the service. Actions include upgrading the Council of Review Board website to provide transition services and links to government agencies with post-service benefits. Additional upgrades are underway to provide a portal for members to monitor case processing. The Department is also participating in the joint DoD-VA Disability Evaluation Pilot in the National Capital Region that is designed to further streamline the process and ensure a smooth transition to civilian life for service members leaving active duty.

Family Readiness. The Department remains committed to the readiness and resilience of Navy and Marine Corps families, including the spouses, children, parents, and other extended family members committed to caring for Sailors and Marines. To that end, the Department operationalized family support programs to better empower Sailors and Marines to effectively meet the challenges of today's military lifestyle. The Marine Corps is redesigning and enhancing family readiness programs that most directly prepare Marines and their families, including: Unit Family Readiness Program, Marine Corps Family Team Building Program, Exceptional Family Member Program, School Liaison Program, and Children, Youth and Teen Program. As a companion effort, the Marine Corps will address quality of life deficiencies at remote and isolated installations, expand communication connections between separated Marines and their families, and make needed improvements to quality of life facilities and equipment throughout the Marine Corps. The Navy increased emphasis on prevention, education, and counseling to Navy families undergoing frequent and often short notice deployments. It has created school

liaison positions to work with school districts and Navy families to ensure teachers and other school officials understand the pressures and issues facing military children. The Navy provides brief, solution-focused clinical counseling services to more family members, as well as increasing home visitation services to new parents who have been identified as requiring parenting support. To better reach Individual Augmentee families who do not live near a military installation but who have access to a computer, the Navy has begun virtual Individual Augmentee Family Discussion Groups to ensure outreach information, referral and ongoing support.

The Department has developed an aggressive child care expansion plan, adding over 4,000 new child care spaces within the next 18 months. This expansion includes construction of new Child Development Centers (including facilities open 24/7), commercial contracts, and expanding military certified home care. Combined, these initiatives will reduce the waiting time for child care from 6-18 months to less than 3 months. To assist parents and children with the challenges of frequent deployments, an additional 100,000 hours of respite child care will be provided for families of deployed service members. In efforts to combat youth obesity, the Navy has implemented a new world-wide youth fitness initiative called "FitFactor" to increase youth interest and awareness in the importance of healthy choices in life.

National Security Personnel System (NSPS). The Department of the Navy has successfully converted ~30,000 employees into NSPS, with an additional ~30,000 scheduled to convert by 30 October 2008. The DON is already seeing a return on investment: an unprecedented training effort focused on performance management, greater communication between employees and supervisors, people talking about results and mission alignment, and increased flexibility in rewarding exceptional performance. While mindful of new legislative restraints, maintaining key human resource elements of NSPS, including pay-for-performance, is vital to the system's success and the Department's ability to respond to ever-changing national security threats.

Safety. Fundamental to taking care of Sailors, Marines and DON civilian employees is establishing a culture and environment where safety is an intrinsic component of all decision making, both on and off-duty. Safety and risk management are integrated into on and off duty evolutions to maximize mission readiness and to establish DON as a world class safety organization where no mishap is accepted as the cost of doing business.

The Secretary of Defense established a goal to achieve a 75 percent reduction in baseline FY 2002 mishap rates across DoD by the end of FY 2008. In FY 2007 the DON recorded our lowest number of serious operational mishaps and the lowest rate of serious aviation mishaps in our history.

One particular challenge that we continue to face is loss of Sailors and Marines to fatal accidents on our nation's highways—I11 in FY 2007. While our rates are actually better than U.S. national statistics, and FY 2007 was one of our best years ever, we find these losses untenable—we can and must do better. In particular, the growing popularity of sport bikes, or high powered racing motorcycles, represents our biggest challenge. We are restructuring our motorcycle training, and in partnership with the Motorcycle Safety Foundation, we have developed a new hands-on Sport Bike Rider Safety Course. We are also implementing methods

and technology to more rapidly assess our personnel to accurately identify those individuals at high risk for private motor vehicle mishaps. They will be targeted for intervention in an effort to further reduce mishaps and our DON risk profile.

IV. Prepare for Future Challenges

Building a Balanced Fleet

Today's Navy and Marine Corps must confront threats in the maritime domain ranging from near-peer competitors, to non-state and transnational actors, to rogue nations and pirates. To meet the challenge the FY 2009 Budget provides for a balanced fleet of ships, aircraft and expeditionary capabilities with the fighting power and versatility to carry out blue, green, and brown water missions on a global basis.

To ensure affordability and timely delivery of capabilities will require improvements in the acquisition process—ensuring stable requirements and clarity in design criteria, better program management expertise, and new measures to incentivize contractors to complete programs on cost and within schedule, while delivering a quality product for military use. Military use also includes other factors such as habitability conditions that support quality of life, reduced variability of part types, and supportable logistics and sustainment. In addition, independent cost, schedule, and risk assessments are conducted and used to establish the foundation of program plans.

The Department has launched an acquisition improvement initiative, planning for which has included the Secretary, CNO, and Commandant of the Marine Corps (CMC), and which will enforce discipline across the Department without altering existing Office of the Secretary of Defense and Joint Chiefs of Staff-level processes. Actions comprising the acquisition improvement initiative include the following:

Acquisition Governance

Led by CNO/CMC, the requirements phase comprises three “requirements gates:” (1) Approval of Initial Capabilities Document; (2) Approval of Analysis of Alternatives; and (3) Approval of Capabilities Development Document and Concept of Operations. During this phase the focus is on what we buy and the process ensures completeness and unanimity of requirements, agreed upon by top leadership early in the acquisition process.

The acquisition phase, led by the Component Acquisition Executive, consists of three “acquisition gates:” (1) Approval of the System Design Specification; (2) Approval to release the System Development and Demonstration Request for Proposals; and (3) A Sufficiency Review of the entire program. During this phase the focus is on “how we buy,” emphasizing clear system design specifications, leveraging commonality within parts and systems, and the use of open architecture. During this phase CNO and CMC remain in support of the acquisition force to ensure stability in the requirements.

Each “gate review” includes a comprehensive assessment using detailed metrics to determine the health of the program and ensures that the program is ready to proceed through the next phase of the acquisition process. The key benefits are 1) better integration of requirements and acquisition decision processes; 2) improvement of governance and insight into the development, establishment, and execution of acquisition programs; and 3) formalization of a framework to engage senior Naval leadership throughout the review process.

Acquisition Workforce

To reinvigorate the acquisition workforce the Department has aggressively pursued investment in several key areas. Using a model of our total workforce, we’ve identified certain imbalances and redundancies which Systems Commands and Program Executive Officers will initiate corrective action for in FY 2008. Further, the Department will create a common business model across Systems Commands to allow maximum flexibility of workforce utilization while sharpening the skill sets of our acquisition professionals. Further, we are creating common templates for acquisition program leadership that will ensure adequate staffing of programs throughout their life cycle. Notably we have adjusted the programmatic leadership structure of the DDG 1000 and Littoral Combat ships to benefit from these common templates.

Finally, to bolster our acquisition leadership, we have selected a Vice Admiral to serve as Principal Deputy Assistant Secretary for Research Development and Acquisition.

FY 2009 Acquisition Programs

Shipbuilding. The FY 2009 shipbuilding budget provides for seven new ships: one VIRGINIA-Class (SSN-774) nuclear-powered attack submarine, one DDG 1000 Destroyer, two Littoral Combat Ships (LCS), two Dry Cargo Ammunition (T-AKE) ships and one Joint High Speed Vehicle (JHSV). The Navy also will procure an additional JHSV for the Army in FY 2009. The budget also includes the next increment of funding for CVN-78; research and development funds for CG(X), the future cruiser; the first increment of funding for the Refueling Complex Overhaul for the USS THEODORE ROOSEVELT (CVN-71); funding for an engineered refueling overhaul for an SSBN; and continued modernization for guided missile cruisers, guided missile destroyers, submarines and aircraft carriers.

Naval Aviation. The Department of the Navy requires a robust aviation capacity including attack, utility, and lift capabilities. The Department is in the midst of an extensive, long-term consolidation and recapitalization of aircraft in the Naval inventory to achieve a more efficient and effective warfighting force. The FY 2009 budget requests funding for 206 aircraft. The FY 2009 budget supports the acquisition of the F-35 Joint Strike Fighter (JSF), the EA-18G Growler, the MV-22B, the KC-130J, the E-2D; the MH-60, the UH-1Y and AH-1Z helicopters; and the continued development of the P-8A Multi-Mission Maritime Aircraft (MMA), the CH-53K and VH-71 programs.

The Department will continue to recapitalize our aging inventory with upgrades or new variants of existing aircraft where suitable and cost effective. For example, the Navy helicopter

community is replacing six different aircraft with the MH-60R and MH-60S, while the Marine Corps is buying the UH-1Y, AH-1Z and CH-53K to replace older variants of those aircraft.

Command, Control, Communications, Computers (C4). Effective C4 capabilities are key to ensuring that our forces have accurate situational understanding to enable decision superiority. The Navy and Marine Corps have planned several programs to deliver agile and interoperable network-centric capabilities to ensure success for Naval, Joint and Coalition forces, including naval contributions to the National Security Space. The Department is planning the replacement for the Navy Marine Corps Intranet with the Next Generation Enterprise Network. The Marine Corps is developing the Command and Control Harmonization Strategy. Capitalizing on emerging capabilities such as the Tactical Communications Modernization Program and the Very Small Aperture Terminal, the Marine Corps intends to deliver an end-to-end integrated, cross functional capability across the force.

Intelligence, Surveillance and Reconnaissance (ISR). The Navy and Marine Corps are in the process of reviewing current ISR capabilities and formulating a long-term ISR strategy. This strategy, when completed, will ensure the Department's current and future ISR capabilities are used to the fullest extent possible and will maximize the use of other services' and national capabilities to enhance the Department's variety of missions. The Marine Corps' use of Department of Army's unmanned aircraft system, Shadow, is an example of leveraging another service's capability. Shadow meets the Marine Corps requirements for a transportable ISR asset capable of providing tactical commanders with day and night, battlefield and maritime reconnaissance. The Navy, with unique maritime domain ISR requirements, is integrating manned and unmanned capabilities with the Broad Area Maritime Surveillance (BAMS) Unmanned Aircraft System (UAS) and the P-8A program. The BAMS UAS will provide a persistent, multi-sensor, maritime intelligence, surveillance, and reconnaissance capability with worldwide access. Additionally, the Department of Navy is working closely with the Office of the Undersecretary of the Defense for Intelligence to ensure the current Distributed Common Ground System - Navy and Marine Corp family of systems meet DoD standards, share technology and minimize duplication.

Maritime Domain Awareness. The responsibility for Global Maritime Security lies with many departments, agencies, and organizations across the spectrum of our government, international partners, and industry. Each of these stakeholders bring a part of the solution, and taking the lead in establishing a global capability from those parts is one of the single most important new steps of the Department of the Navy. Protection of the global maritime domain is fundamental to our national security, and requires an integrated approach across the Naval forces, with our Federal maritime partners, with certain State and local authorities, and indeed with the entire global maritime community. We have embarked on the organizational behavior changes necessary to bring those disparate stakeholders together, and are investing in creation of an enduring operational capability for the Nation.

Infrastructure Investment

Facilities. The FY 2009 budget requests \$3.2 billion for military construction projects at active and reserve Navy and Marine Corps bases, a substantial increase over the enacted \$2.3 billion in

FY 2008. Much of the funding growth is to build training and housing facilities to support the Marine Corps growth in end strength over the next five years. Both Navy and Marine Corps will sustain existing facilities at 90 percent of the DoD model requirement.

Base Realignment and Closure (BRAC). The FY 2009 budget requests \$871.5 million to continue implementation of the 2005 BRAC Commission recommendations. This request invests in construction (including planning and design) and operational movements at key closure and realignment locations. FY 2009 plans may require some adjustment to ensure consistency with the approved FY 2008 budget.

Walter Reed National Medical Center Bethesda. BRAC action 169 called for closure of Walter Reed Army Medical Center, realignment of tertiary and complex care missions to National Naval Medical Center Bethesda, and establishment of Walter Reed National Military Medical Center Bethesda. The Department of Defense approved an expanded scope and acceleration of the original program. The Naval Facilities Engineering Command is managing the EIS for Bethesda and a ROD is scheduled for May 2008.

Family and Bachelor Housing. Privatization for housing in the continental United States is on its way towards completion. The privatization of unaccompanied housing is proceeding smoothly at our first pilot project in San Diego. The construction of new apartments is well underway with completion of the first building scheduled for December 2008. Moreover, the project won an industry customer service award in its first year of operation in recognition of the dramatic improvement in resident satisfaction in existing housing that was privatized. We have broken ground on our second pilot project in Hampton Roads in our effort to bring the benefits of bachelor housing privatization to Sailors on the East Coast. This year's budget reflects the continuation of the Marine Corps' quality of life initiative to construct additional housing to address the substantial, long-standing shortfall of adequate housing for single Marines. The objective is to provide quality bachelor housing for all sergeants and below for our 'pre-grow the force' end strength by FY 2012 and to support 202,000 Marines by FY 2014. Our FY 2009 budget request also includes a military construction project to replace bachelor housing at Naval Station San Clemente, completing elimination of inadequate bachelor housing in the Department.

Wounded Warrior Housing. The Department of the Navy completed inspections of all housing for wounded, ill, and injured to ensure quality and accessible living quarters. Annual inspections will ensure continued oversight by Department of Navy leadership. In addition, Wounded Warrior Barracks are under construction at Camp Lejeune and Camp Pendleton. Both barracks will provide 100 two-person American with Disabilities Act compliant rooms allowing for surge capability.

Marine Corps Relocation to Guam. The FY 2009 budget continues detailed studies, plans and environmental analyses for the U.S./Government of Japan Defense Policy Review Initiative (DPRI) to relocate about 8,000 Marines and their dependents from Okinawa, Japan to Guam by 2014. The facilities, housing, logistics and environmental requirements are being developed from the ground up to support mission requirements as well as business-case prudence. The measured investment in FY 2009 is crucial to the five-year \$10.27 billion (\$4.18 billion from the

U.S. and \$6.09 billion from the Government of Japan) construction program scheduled to commence in FY 2010.

Naval Station Mayport. The Navy is preparing an EIS that examines several alternatives for best utilizing the facilities and capabilities of Naval Station Mayport after the retirement of the USS JOHN F KENNEDY (CV 67). The options being evaluated include:

- Cruiser/Destroyer (CRUDES) homeporting
- Amphibious Assault Ship (LHD) homeporting
- Nuclear-Powered Aircraft Carrier (CVN) capable
- CVN homeporting
- Amphibious Ready Group (ARG) homeporting

Preparation of the Mayport EIS is on schedule. The draft EIS is scheduled for release in March 2008, with the final EIS expected in December 2008 and the ROD in January 2009.

Environmental Stewardship

Energy Initiatives. Energy efficiency is key to reducing life cycle costs and increasing the sustainability of installations and facilities. The Department has led the way in supporting the Energy Policy Act of 2005 (EPA05) by adopting the Leadership in Energy and Environmental Design (LEED) Silver standard as a primary consideration for all DON military construction projects. Using the LEED Silver standard, new energy-efficient projects have been completed on several installations, including Recruit Training Center Great Lakes and Naval Amphibious Base Little Creek. DON also has a comprehensive energy program responding to the requirements of EPA05 and Presidential Executive Order 13423, evidenced by an 8.85 percent reduction in FY 2007 energy consumption and an extensive renewable energy program.

Minimizing the overall environmental effects. The recently-announced Low-Impact Development (LID) policy is an example of how the Department is emphasizing reduction of impact to the environment. The goal of the policy is “no net increase” in the amount of nutrients, sediment, and storm water escaping into the watersheds surrounding facilities and installations. The use of cost-effective LID Best Management Practices such as rainwater collection systems in construction and renovation projects is central to achieving this goal.

Alternative Fuels. The Department has been a leader in the use of alternative fuels. The Navy and Marine Corps both reduced petroleum consumption in their vehicle fleets by more than 25 percent from 1999 to 2006, and together used almost two million gallons of biodiesel in 2006. Further gains in alternative fuel implementation will be supported by the Department’s new Petroleum Reduction and Alternative Fuel Vehicle Strategy, which challenges the Navy and Marine Corps to build on already substantial progress to meet and exceed the established Federal goals contained in Executive Order 13423 and the Energy Independence and Security Act of 2007. We are also expanding our use of alternative fuels in our tactical fleet, to include ships, aircraft and ground vehicles. In FY 2009 we will lay the groundwork for a testing and certification program for alternative fuel use. The Navy is also actively pursuing energy conservation initiatives, through energy conserving alterations in propulsion plants and conservation practices in operations.

V. Management Process Improvement

Complementary action to our acquisition improvement initiatives is our commitment to enhance process improvement across the Department of the Navy to increase efficiency and effectiveness and responsible use of resources. The Enterprise Resource Planning (ERP) program, planned for implementation throughout the Department, began initial implementation at Naval Air Systems Command in October 2007. It is an integrated business management system that modernizes and standardizes business operations and provides management visibility across the enterprise. The Department continues to champion the use of Lean Six Sigma as the primary toolset as a means toward increasing readiness and utilizing resources efficiently. Over 4,420 leaders have completed Lean Six Sigma training, and there are over 2,000 projects underway. The Department's Financial Improvement Program leverages ERP and strengthens control of financial reporting. The Marine Corps expects to be the first military service to achieve audit readiness.

A major process improvement initiative to ensure that the Department applies fundamental business precepts to its management is the Secretary of the Navy's Monthly Review (SMR). The SMR is a senior leadership forum, involving CNO, CMC and Assistant Secretaries, designed to afford greater transparency across the Department and set into motion actions that garner maximum effectiveness and efficiency for the Department. The SMR reviews a portfolio of the bulk of Department activities and programs involving manpower, readiness, acquisition, infrastructure, etc. Using Lean Six Sigma tools and other business tools, this forum reviews the most urgent issues and discusses and implements appropriate solutions. Ultimately, this monthly interaction serves as a means to synchronize the Department's actions to comprehensively address complex problems, accomplish strategic objectives, and better position for challenges in the future.

The Department will incorporate the Chief Management Officer (CMO) into the Secretariat in FY 2008. The CMO will have responsibility for improving Department business operations to carry out objectives. These initiatives are all steps to make process improvement a way of thinking in carrying out daily business throughout the organization.

VI. Conclusion

Thank you for this opportunity to report to you on the Department of the Navy. I provide the FY 2009 budget to you and ask for your support for this plan that will enable the Department to prevail in GWOT, take care of our people and prepare for future challenges. The uniformed men and women of the Department of the Navy, and our civilian workforce, depend on our collective support and leadership. I appreciate the opportunity to set forth the President's FY 2009 Budget and look forward to working with you in furtherance of our maritime capabilities and our national security.

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE

STATEMENT BY
ADMIRAL GARY ROUGHEAD
CHIEF OF NAVAL OPERATIONS
BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
06 MARCH 2008

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE

CNO's Posture Hearing FY 2009 Budget

Introduction

Chairman Skelton, Congressman Hunter, and members of the Committee, it is an honor to appear before you today representing the nearly 600,000 men and women, Sailors and civilians of our Navy. In 2007, the Navy answered all bells. Surge and rotational expeditionary forces performed brilliantly and we responded to global contingencies and requirements. The FY 2009 budget and its associated force structure plans represent the capabilities needed to meet current challenges with a moderate degree of risk. I appreciate your continued support as our Navy defends our nation and our vital national interests.

In 2007, the Navy, Marine Corps, and Coast Guard released the *Cooperative Strategy for 21st Century Seapower*. The strategy represents unprecedented collaboration among the three Services. It also incorporates input from American citizens obtained through a series of "Conversations with the Country" that included the maritime Services, business and academic leaders, and the general public.

The maritime strategy is aligned with the President's National Strategy for Maritime Security and the objectives articulated in the National Security Strategy, the National Defense Strategy, and the National Military Strategy. It recognizes that the maritime domain is vital to national security and prosperity. Nearly three-quarters of the Earth's surface is water; 80 percent of the world's population lives on or near coastlines; and 90 percent of the world's trade, including two-thirds of the world's petroleum, moves on the oceans to market. The oceans connect us to populations around the world and our Navy's presence and active engagement is vital to our collective security.

In addition to the Navy's engagement in Iraq and Afghanistan, international military, political, and economic events beyond those borders have direct and indirect implications for the Navy. Examples include China's rapid build up of a blue water navy and their development of cyber and space warfighting capabilities. Russia's first Mediterranean deployment in 15 years and increased defense spending demonstrate their desire to emerge as a global naval power. North Korea's long-range ballistic missile program and their missile proliferation history reinforce the need for a credible, forward deployed ballistic missile defense capability. Militaries in Central and South American seek aircraft and submarines to back their regional and international objectives. Iran's confrontational activities at sea this past January, when the USS PORT ROYAL, USS HOPPER, and USS INGRAHAM encountered five small Iranian boats operating provocatively in the Strait of Hormuz, heightened tensions. Conflict is likely to continue into the future and the Navy's global commitments are likely to increase. As U.S. ground forces reset, reconstitute, and revitalize, the Navy will remain on station to respond to threats and crises.

The new maritime strategy recognizes the many existing and potential challenges to national security and prosperity. To address these challenges, the strategy articulates six core capabilities our maritime Services provide: forward presence, deterrence, sea control, power

projection, maritime security, and humanitarian assistance and disaster response (HA/DR). The first four capabilities are paramount because they enable the defense of our nation and its interests. Forward presence, deterrence, sea control, and power projection must remain the cornerstones of what makes our Navy a dominant global force.

The Navy will continue to enhance cooperation with existing and emerging partners and build bridges of trust among the international community. Proactive global involvement is a strategic imperative for the Navy and our nation, since trust cannot be surged in times of crisis.

Execution of the maritime strategy is already underway in current operations. As we plan and resource for the future, the maritime strategy will guide our efforts. The execution of our current readiness and force structure plans faces many challenges, but affordability is the most pressing. I refuse to cede our technological advantage to competitors; however current readiness, manpower, and escalating procurement costs make pacing the threat exceptionally difficult. We will continue to improve processes, work with industry, and maximize cost saving initiatives. Stable procurement plans must be affordable and realistic to deliver the balanced future Fleet. While I am satisfied that the force structure plans deliver required capabilities, the balance among capability, affordability, and executability in these plans is not optimal. This imbalance has the potential to increase significantly warfighting, personnel, and force structure risk in the future.

Our operations, people, and equipment continue to serve our nation well, but it comes at a significant cost. It is my duty as CNO to ensure our Navy is always ready to answer our nation's call anytime, anywhere, now and in the future. This duty shapes my priorities and will influence the decisions and recommendations I will make regarding the future of our Navy.

Priorities for FY 2009

My vision for the Navy is that we remain the preeminent maritime power, providing our country a naval expeditionary force committed to global security and prosperity. We will defend our homeland and our nation's vital interests around the world. We will prevent war, dominate any threat, and decisively defeat any adversary. The Navy will remain a powerful component of Joint warfare by exploiting cutting edge technology and cooperating closely with the other Services, the interagency community, allies, and international partners. We will remain a superbly trained and led team of diverse Sailors and civilians, who are grounded in our warfighting ethos, core values, and commitment to mission readiness and accomplishment.

To achieve this vision, the Navy must address existing and emerging challenges and create new opportunities. My priorities are to:

- Build tomorrow's Navy
- Remain ready to fight today
- Develop and support our Sailors and Navy civilians.

I will demand that we accurately articulate requirements and remain disciplined in our processes. Achieving the right balance within and across these focus areas will provide dominant seapower for our nation, today and tomorrow.

Building Tomorrow's Navy

Our Fleet must have the right balance of capability and the capacity. Three hundred thirteen ships represent the minimum force necessary to provide the global reach, persistent presence, and strategic, operational, and tactical effects. Our FY 2009 budget requests seven new ships: two LCS, one DDG 1000, one SSN, two T-AKE, and one JHSV, and 47 new ships over the Future Years Defense Plan (FYDP) (FY 2009-2013). I support a stable shipbuilding plan that provides an affordable, balanced force and preserves our nation's industrial base. I intend to develop further our Navy's relationship with industry to reinforce our commitment to a stable shipbuilding plan.

As we pursue operational capability at reduced cost, we take into account several industrial factors. Level loading of ship and aircraft procurements help sustain appropriate employment levels, retain skills, and promote a healthy U.S. shipbuilding industrial base. Common hull forms, common components, and repeat builds of ships and aircraft that permit longer production runs also reduce construction costs. Our Navy's shipbuilding plans incorporate open architecture for hardware and software systems and they increase the use of system modularity. These initiatives reduce the cost of maintenance and system upgrades, and keep the Navy's Fleet in service longer.

I seek your support for the following initiatives and programs:

Aircraft Carrier Force Structure

The Navy is committed fully to maintaining an aircraft carrier force of 11. During the 33-month period between the planned 2012 decommissioning of USS ENTERPRISE and the 2015 delivery of USS GERALD FORD, however, legislative relief is requested to temporarily reduce the carrier force to 10. Extending ENTERPRISE to 2015 involves significant technical risk, challenges manpower and industrial bases, and requires expenditures in excess of two billion dollars. Extending ENTERPRISE would result in only a minor gain in carrier operational availability and adversely impact carrier maintenance periods and operational availability in future years. We are adjusting carrier maintenance schedules to support the Fleet Response Plan (FRP) and ensure a responsive carrier force for the nation during this proposed 10-carrier period. I urge your support for this legislative proposal.

Littoral Combat Ship (LCS)

LCS fills critical warfighting requirements. It offers speed, draft, and modularity that no other ship offers. USS FREEDOM (LCS-1) and USS INDEPENDENCE (LCS-2) enter service soon and their performance at sea will enable us to decide on the appropriate acquisition strategy for the class. Controlling and reducing LCS costs are key to an affordable shipbuilding plan and we have already improved management oversight, implemented stricter cost controls, and incorporated selective contract restructuring to ensure delivery on a realistic schedule. Although recent changes to the LCS program resulted in the reduction of 13 ships across the FYDP, I remain committed to procuring 55 LCS by FY 2023. I appreciate your continued support for this

important ship class, including our FY 2009 request for \$1.47 billion for procurement of two additional ships and associated modules and continued research and development (R&D).

Joint Strike Fighter (JSF)

The increased operational tempo (OPTEMPO) of our legacy aircraft is consuming service life at an accelerated rate. The recent groundings of high demand P-3 aircraft highlight the need to bring the next generation of aircraft in service and retire our aging aircraft. The JSF provides expanded capability that will meet the needs of our Navy, Joint Forces, and international partners. Because of the high OPTEMPO of the current strike aircraft fleet, and despite JSF's initial operational capability (IOC) and delivery in 2015, we anticipate a shortfall of strike aircraft from 2016-2025. Further delays in JSF will exacerbate this strike fighter gap. Navy's FY 2009 investment of \$3.4 billion includes procurement of eight aircraft and continued R&D for aircraft and engine development.

CG(X)

The next generation Guided Missile Cruiser CG(X) will be a highly capable major surface combatant tailored for Air and Missile Defense. CG(X) will provide maritime dominance, independent command and control, and forward presence. It will operate as an integral unit of Joint and Combined Forces. The CG(X) design and development program will feature revolutionary acquisition and spiral development practices that incorporate advanced technologies and next generation engineering systems. By replacing the TICONDEROGA (CG 47) class of ships at the end of its 35-year service life, CG(X) capitalizes on the developments made through DDG Modernization and DDG-1000. We are conducting a rigorous analysis to examine alternatives for CG(X) consistent with the National Defense Authorization Act requirement for nuclear power. Our FY 2009 R&D request for \$370 million will support CG(X) and associated radar development.

DDG 1000

Congressional approval of split funding for the dual lead DDG 1000 ships supports an acquisition approach that motivates cooperative completion of detail design. Collaboration between Northrop Grumman Ship Systems and Bath Iron Works during the detail design process has enabled these shipyards to produce the two lead ships simultaneously. Consequently, the DDG 1000 detail design will be more mature prior to start of construction than any previous shipbuilding program. Our budget request in FY 2009 will procure the third ship of the class.

Ballistic Missile Defense (BMD)

The increasing development and proliferation of ballistic missiles can threaten the homeland and our friends and allies. Ballistic missiles can also impede our military operations. Maritime ballistic missile defense provides protection for forward-deployed joint forces and regional allies while contributing to the larger defense of the United States through the Ballistic Missile Defense System (BMDS). Maritime ballistic missile defense directly contributes to the Navy's core capability of deterrence, and enables our core capabilities of power projection and

sea control. The Aegis BMD directorate of the Missile Defense Agency has developed the Navy's BMD capability which is installed on 17 ships including three cruisers and 14 guided missile destroyers with installations continuing in 2008. These Navy surface ships support the BMDS by cueing ground-based sensors and intercepting Short to Intermediate Range Ballistic Missiles with ship-based interceptors (SM-3 missiles). The Near Term Sea-Based Terminal Program provides the ability to engage a limited set of Short Range Ballistic Missiles (SRBMs) with modified SM-2 Block IV missiles. The Navy will continue to work closely with the Missile Defense Agency to deliver improved capability and capacity to defend against this proliferating threat. While development and procurement funding is covered under the Missile Defense Agency budget, Navy has committed \$16.5 million in FY 2009 for operations and sustainment of Aegis BMD systems.

Navy Networks

Afloat and ashore networks enable warfighting command and control capability. Data, hardware, and applications must be arranged in a way that enables rapid upgrades to accommodate exponential increases in demand. Incorporation of open architecture and common computing environment in our networks will require us to redesign network architecture to free us from proprietary control. Open architecture will drive us to commonality and standardization, introduce efficiencies, promote better data protection, and network security. It will also allow our future war fighters to fight collaboratively and more effectively.

The first step in achieving this new network architecture is putting it to sea. The Consolidated Afloat Networks and Enterprise Services (CANES) system achieves an open, agile, flexible and affordable network architecture that will move us forward. CANES embraces cross-domain solutions that enable enhanced movement of data. It is a revolutionary change in our information technology infrastructure and it is absolutely vital for us to excel in 21st century warfare. \$21.6 million is aligned to CANES in the FY 2009 budget request, all of which is redirected from existing budget lines.

Research and Development

Science and Technology (S&T) give the Navy warfighting advantage. Last year the Secretary of the Navy, the Commandant of the Marine Corps, and my predecessor completed and published a combined Naval S&T strategy that ensures our investments accomplish the vision and goals of the Navy and Marine Corps. Selecting research for future Naval force capabilities must be balanced with fiscal realities. The S&T strategy identifies thirteen research focus areas and sets high-level objectives that guide investment decisions. S&T investments present a balance between applied science, focused on near term challenges, and basic research that advances the frontiers of science. We aggressively focus on transitioning S&T into programs of record and push these programs of record out to the Fleet through our Future Naval Capabilities program at the Office of Naval Research (ONR). The FY 2009 budget requests \$1.8B for Navy's S&T programs, an increase of 6% over the requested FY 2008 level.

Ready to Fight Today

Maintaining warfighting readiness demands a Navy that is agile, capable, and ready. As operational demands and Joint Force posture in the Middle East subside, I expect the Navy's posture, positioning, and OPTEMPO to increase, not decrease. OPTEMPO, as expressed in terms of steaming days, reflects the underway time of our conventionally powered ships. OEF/OIF and additional global commitments have caused a significant difference between budgeted and actual steaming days. The Navy has funded this difference with war supplemental funding. Trends indicate that anticipated operational requirements will continue to exceed peacetime levels in FY 2009. Additionally, increased OPTEMPO drives accelerated force structure replacement and higher maintenance and manpower costs that must be funded.

As the nation's strategic reserve, the Navy must be ready to generate persistent seapower anywhere in the world. The Navy must also establish and evolve international relationships to increase security and achieve common interests in the maritime domain.

We generate forces for the current fight and employ our Navy much differently than in years past. We simultaneously provide ready naval forces and personnel for Joint Force Commanders, sustain forward presence, fulfill commitments to allies, and respond to increasing demands in regions where we have not routinely operated, specifically in South America and Africa.

The Fleet Response Plan (FRP) has enhanced our ability to meet COCOM requests for forces for the last six years. FRP provides Naval forces that are well-maintained, properly manned, and appropriately trained to deploy for forward presence and surge missions. FRP increases operational availability and generates more forward presence and surge capability on short notice than was possible in the past. The unscheduled deployment of a second carrier to the Middle East in January 2007 is an example of how FRP provides the nation with options to defend its vital interests. FRP also allows the Navy to respond to global events more robustly while maintaining a structured, deliberate process that ensures continuous availability of trained, ready Navy forces.

Balancing capacity and capability across the spectrum of warfare is essential. The challenge will be maintaining dominance in traditional roles while meeting existing and emerging threats in asymmetric and irregular warfare. My goal is to influence the entire range of military operations from large scale conflict to maritime security and HA/DR. Areas of particular interest to us are:

Anti-Submarine Warfare (ASW): Sonar-The Key ASW Enabler

Submarines remain an immediate threat and their roles and lethality are increasing. More countries are buying submarines; some are building anti-access strategies around them. Maintaining the ability to detect, locate, track, and destroy submarines is essential and our active sonar systems, particularly medium frequency active (MFA) sonar, are the key enablers.

The Navy's use of sonar is being challenged in federal court by various lawsuits which seek to prohibit or severely limit it during vital combat certification exercises, such as those conducted in our Southern California operating areas. In more than 40 years of sonar use in Southern California waters, not a single injury to marine mammals has been linked to sonar. The Navy has worked closely with the National Marine Fisheries Service (NMFS) to establish effective, science-based mitigation measures. By implementing these measures NMFS does not expect adverse population level effects for any marine mammal populations during Fleet training exercises scheduled in Southern California in 2008. MFA sonar provides a robust and absolutely vital capability to detect submarine threats. Limiting our ability to train and exercise with MFA sonar will degrade operational readiness and place our forces at risk.

Our measures provide an appropriate balance between good stewardship of the environment and preparing our forces for deployment and combat operations. Our Sailors must be trained to the best of their abilities with all of the technological tools available to fight and win. It is vital that our Navy be allowed to train and exercise with MFA sonar.

Intelligence

Our Navy provides a vital intelligence, surveillance, and reconnaissance capability around the globe. These capabilities produce warning and awareness in support of the planning and execution of maritime and joint operations. We are expanding our intelligence capability through development of trained human intelligence (HUMINT) personnel, investment in operational intelligence at our Maritime Operation Centers, and expanded synchronization with theater, joint, and national intelligence capabilities.

Maritime Domain Awareness

Maritime security supports the free flow of commerce for all nations. Maritime Domain Awareness is knowing what is moving below, on, and above the sea. Without a high level of Maritime Domain Awareness the free flow of commerce is jeopardized. The goal of Maritime Domain Awareness is to establish a level of security regarding vessels approaching our coastlines, while not infringing upon each nation's sovereignty or sharing inappropriate information.

In partnership with the Coast Guard we established the Office of Global Maritime Situational Awareness (GMSA). GMSA works with the Office of Global Maritime Intelligence Integration in developing the national maritime picture. The first spiral of Maritime Domain Awareness capability arrives in the Central Command and Pacific Command in August 2008 with later spirals in the Atlantic and Caribbean.

Seabasing

Seabasing represents a critical warfighting capability. It will assure access to areas where U.S. military forces are denied basing or support facilities. In the near term, our amphibious and prepositioned ships (including MPF(F)) are the key ships in the seabase. They provide the required lift for the Marine Corps across the range of military operations. These ships and Marines, and the defensive and strike capabilities of our surface combatants and aircraft, provide operational maneuver and assured access for the force while significantly reducing our footprint ashore.

The Navy is exploring innovative operational concepts combining seabasing with adaptive force packaging that will further support national security policy and the Combatant Commanders' objectives worldwide. Our 30-Year Shipbuilding Plan provides for seabasing that covers the spectrum of warfare from Joint Forcible Entry to persistent and cooperative Theater Security Cooperation.

Future Joint Sea Basing requirements are still being defined but will be significantly greater than today's Navy and Marine Corps warfighting capabilities. The next generation long range heavy lift aircraft, joint logistics support system, intra-theater lift and sea connectors will provide these future capabilities.

Shore Installations

Our shore installations are extensions of our warfighting capabilities and among our most complex systems. Our installations must be ready to deliver scalable, agile, and adaptive capabilities to meet the requirements of our Fleet, Sailors, and families. We must reverse our historical trend of underinvestment in our shore establishment. I will leverage and expand upon the successes of our Navy Ashore Vision 2030 and enhance the linkage between our installations, our warfighters, mission accomplishment, and quality of service.

In the past, we accepted significant risk in our shore establishment to adequately fund Fleet readiness. As a result, the condition, capability, and current and future readiness of our shore installations degraded to an unacceptable level by industry standards. I directed the implementation of a systematic and consistent approach to assess the material condition of our shore establishments and develop a comprehensive investment strategy to arrest and reverse the decline of our shore establishment.

We will take advantage of every opportunity to leverage the joint capabilities we share with other Services and the capabilities of the supporting communities where we work and live. The power of this leverage is highlighted in our new Public-Private Venture Bachelor Quarters at San Diego and Norfolk. With the authorities granted by Congress and very progressive private partners, we provide our Sailors the best housing I have seen during my naval career. These quarters will have a dramatic impact on Sailors' decisions to reenlist.

We owe our Sailors, their families and our civilian workforce, who selflessly serve our Nation, world-class facilities and services to enhance their productivity and effectiveness and to

motivate them to remain in the Navy. The decline in the shore infrastructure must be reversed by a prudent review of current capacity and a forward leaning investment strategy that defines our shore footprint for the foreseeable future. The shore establishment is a critical system for the Navy and provides the foundation for our training, manning, and equipping. It is imperative we invest and sustain our shore establishment at the right level to ensure a ready, mobile, and capable Navy.

Depot Level Maintenance

The increased OPTEMPO of our ships and aircraft in combat operations elevates the importance of performing timely depot level maintenance. Depot level maintenance ensures continued readiness and the safety of our men and women operating our ships and aircraft. Adequate funding for depot level maintenance ensures we do not incur unnecessary risk by extending our ships and aircraft well past their periodicity of maintenance. In addition to the challenges of maintaining our ships and aircraft, the capacity of the industrial base remains challenging. Consistent, long term agreements for the efficient use of shipyards are necessary to keep our ships and aircraft in the highest states of readiness.

United Nations Convention on the Law of the Sea

The Law of the Sea Convention codifies navigation and overflight rights and high seas freedoms that are essential for the global mobility of our armed forces. It directly supports our National Security Strategy. I believe strongly that the Convention furthers our national security interests. Our maritime security efforts necessitate that we become a party to the Law of the Sea Convention, the bedrock legal instrument in the maritime domain, to which 154 nations are party. Our current non-party status constrains our efforts to develop enduring maritime partnerships. It inhibits our efforts to expand the Proliferation Security Initiative and elevates the level of risk for our Sailors as they undertake operations to preserve navigation rights and freedoms, particularly in areas such as the Strait of Hormuz and Arabian Gulf, and the East and South China Seas. Accession to the Law of the Sea Convention is a priority for our Navy.

Developing and Supporting Our Sailors and Navy Civilians

Our talented and dedicated Sailors and Navy civilians are absolutely essential to our maritime dominance. Attracting, recruiting, and retaining in a competitive workplace is increasingly more expensive. We must devote adequate resources and shape our policies to ensure our people are personally and professionally fulfilled in their service to our nation. We have identified a steady-state force level of 322,000 AC/68,000 RC end strength as the optimum target for our projected force structure. It is critical that future funding sustains this level.

Recruiting, developing, and retaining diverse and highly capable men and women are imperatives. The Navy must address the changing national demographic to remain competitive in today's employment market. Only three out of ten high school graduates meet the minimum criteria for military service. The propensity to serve is declining among youth and more often influencers of these youth, such as parents and teachers, are advising against military service.

“Millennials” are the generation of youth currently entering the workplace and they comprise 43 percent of our Navy. Born into a globalized world saturated with information and technology, Millennials are more accomplished for their age than previous generations. They are a technology-savvy and cyber-connected group who may find the military’s hierarchical command and control structure contradictory to the flat social networks they are used to navigating. The different paradigm under which this generation views the world and the workplace has implications for how the Navy attracts, recruits, and retains top talent. Additionally, to better meet the needs of the U.S. Marine Corps, we must increase the throughput at the U.S. Naval Academy. I urge your support of our legislative proposal to increase the number of Midshipmen at the Naval Academy.

The *Strategy for Our People* ensures we have the best and brightest on our team. The strategy outlines six goals for achieving a total Navy force of Sailors and civilians that is the right size and possesses the right skills to best meet the needs of the Navy. These goals are: capability-driven manpower, a competency-based workforce, effective total force, diversity, being competitive in the marketplace, and being agile, effective, and cost-efficient. Many of the efforts currently underway in support of the strategy are discussed in further detail below.

Recruiting Initiatives

The Navy Recruiting Command is relentless in its pursuit of attracting the best young men and women in America to serve in our Navy. Recruiting priorities are currently focused on attracting personnel for the Naval Special Warfare/Naval Special Operations, nuclear power, medical, and chaplain communities. Recruiting Command is constantly searching for new ways to recruit America’s talent. For example, the Medical Leads Assistance Program employs Navy officers as ambassadors for generating interest in Navy Medicine. In the NSW and Naval Special Operations communities, we provide mentors for recruits before enlistment and during training with the two-fold goal of improving recruiting results and ensuring applicant success at Recruit Training Center (RTC) and Basic Underwater Demolition/SEAL training (BUD/S).

To recruit nuclear-trained officers and chaplains, we encourage our personnel to share their story with the American public. Through visits to college campuses and career fairs, nuclear-trained officers share their experiences of operating nuclear reactors on board carriers and submarines. These visits have improved short-term Nuclear Propulsion Officer Candidate recruiting and our officers will continue to cultivate personal relationships with faculty and university representatives to ensure long-term program health. Through the Reserve Officer Goals Enhance Recruitment (ROGER) program, Reserve chaplains use their network of ministerial relationships to share their experiences as Navy chaplains and provide information on how to become active or Reserve chaplain candidates.

Over the past five years, Navy Reserve Junior Officer recruitment has declined. To encourage young officers to stay Navy, we authorized a mobilization deferment policy for officers who affiliate with the Navy Reserve within the first year after leaving active duty. Combined with a \$10K affiliation bonus, we have had some success in improving the recruitment of Reserve officers, but this market remains a challenge. We established a Reserve

Retention and Recruiting Working Group to identify near-term and long-term solutions that will achieve sustainable success.

Development Initiatives

Our people deserve personally and professionally fulfilling careers that provide continuous opportunities for development. We offer multiple programs and we partner with outside organizations so that Sailors and Navy civilians can pursue job-relevant training, continuing education, and personal enrichment. One such program is a pilot called “Accelerate to Excellence.” This program provides enlisted recruits in specific ratings the opportunity to earn an Associate’s Degree at a community college while undergoing specialized training after boot camp.

The Navy also provides developmental opportunities for officers and enlisted personnel through Professional Military Education (PME). PME is designed to prepare leaders for challenges at the tactical, operational, and strategic levels of war. The PME continuum integrates advanced education, Navy-specific PME, Joint PME (JPME) and leadership development in a holistic manner. The competencies, professional knowledge, and critical thinking skills Sailors obtain from PME prepare them for leadership and the effective execution of naval missions. PME graduates are 21st century leaders who possess the capacity to think through uncertainty; develop innovative concepts, capabilities, and strategies; fully exploit advanced technologies, systems, and platforms; understand cultural/regional issues; and conduct operations as part of the Joint force.

Enrollment in JPME courses is up: JPME Phase I in-residence enrollment is up 5 percent; JPME Phase I non-residence enrollment is up 15 percent; JPME Phase II enrollment is up 50 percent. Congressional support to allow Phase II JPME to be taught in a non-residency status would enable Sailors to pursue professional development while continuing their current assignments.

In addition to JPME courses, the Navy supports Joint training through the Navy Continuous Training Environment (NCTE). NCTE is a distributed and simulated Joint and coalition training environment that replicates real-life operations. NCTE integrates into the Joint National Training Capability (JNTC) training architecture and satisfies COCOM requirements at the operational and tactical level.

Retention Initiatives

As the Navy approaches a steady-state force level of 322,000 AC/68,000 RC end strength, attracting and retaining Sailors with the right skills is critical. In FY 2008, the goal is to shift our focus beyond numbers to ensure we have the right skill sets in the right billets at the right time. This approach increases opportunities for advancement and promotion by assigning personnel to positions that utilize and enhance their talents, and emphasizes continued professional growth and development in stages that align to career milestones.

The Navy is also addressing retention through Active Component to Reserve Component (AC2RC) transition. This program is changing the existing paradigm under which a Sailor leaves the Navy at the end of their obligated service and is instead promoting service in the Reserve Component as an alternative to complete detachment. The Perform to Serve (PTS) program screens Zone A Sailors, who are at the end of a four to six year enlistment for reenlistment within their rating or for rating conversion. The Manpower, Personnel, Training, and Education (MPTE) enterprise is adding RC affiliation to Sailors' PTS options at the end of Zone A enlistment. Additionally, RC affiliation will become increasingly seamless as we shift responsibility from Navy Recruiting Command to Navy Personnel Command.

Taking Care of Families

When a Sailor or civilian joins the Navy team our commitment extends to their family. Mission success depends upon the individual readiness of our people and on the preparedness of their families. Supporting Navy families is critical to mission success.

Keeping families ready and prepared alleviates some of the stress associated with deployments. Our continued commitment to programs and resources that maximize family readiness remains high. We continue to improve and expand child care programs and centers. Crisis management and response procedures coupled with enhanced ombudsman programs demonstrate our commitment to give deployed Sailors confidence that their families are in good hands.

In 2007, Navy programs cared for 45,780 children ages six months to 12 years and served over 70,000 youth, ages 13 to 18, in 124 child development centers, 103 youth centers, and 3,115 on and off-base licensed child development homes. In response to the needs of Navy families, we have launched an aggressive child care expansion plan that adds 4,000 child care spaces within the next 18 months and reduces waiting lists in most places below the current six-month average.

At the end of FY 2007, we successfully privatized 95 percent of the continental U.S. (CONUS) and Hawaii family housing. We aggressively monitor the ratification of Navy housing residents and our Public Private Venture (PPV) efforts are clearly resulting in continuous improvement in the housing and services provided to our Sailors and their families. The ability of the private partner to renovate and replace family housing units at a much quicker pace than MILCON has positively impacted the quality of Navy housing.

Taking care of our families includes proactively reducing financial stresses placed on Sailors and families. We are focused on family counseling in response to increased OPTEMPO as a result of OEF/OIF. We provided one-on-one job search coaching services to 21,730 Navy family members and made 10,830 military spouse employment ready referrals to employers. Fleet and Family Support Center (FFSC) financial educators provided more than 186,000 Sailors and family members seminars/workshops focusing on financial fitness, increased our financial counseling services to military spouses by more than 50 percent, and launched a robust campaign to encourage wealth building and debt reduction.

Health Care

We have some of the best medical professionals in the world serving in the Navy. Health care options the Navy offers its people are valuable recruitment and retention incentives. Still, health care costs are rising faster than inflation. Operations in OEF and OIF increased the demand for medical services in combat and casualty care. Part of this demand is straight forward: our wounded need traditional medical care and rehabilitation services. The other part of this demand is more complex and addresses the increased occurrences of mental health disorders resulting from combat operations. Medical professionals are rapidly learning more about assessing and treating the effects of mental health issues associated with war such as post traumatic stress disorder (PTSD) and traumatic brain injury. We are implementing these lessons to more effectively treat these Sailors.

Wounded Warrior/Safe Harbor Program

Care for combat wounded does not end at the Military Treatment Facility (MTF). The Navy has established the Safe Harbor Program to ensure seamless transition for the seriously wounded from arrival at a CONUS MTF to subsequent rehabilitation and recovery through DoD or the Department of Veterans Affairs (VA). Since its inception, 162 Sailors including 143 Active and 19 Reserve members have joined the program and are being actively tracked and monitored, including 126 personnel severely injured in OEF/OIF. Senior medical staffs personally visit and assist seriously injured Sailors and their families to ensure their needs are being met.

Conclusion

We are truly a ready, agile, and global Navy. To ensure that we maintain our naval dominance, we must achieve the optimal balance of building the Navy of tomorrow as we remain engaged and ready to fight today while fully supporting our people.

I will continue to work closely with the Secretary of the Navy, the Commandant of the Marine Corps, Congress, and industry to build the levels of trust and collaboration necessary to resource, acquire, and effectively manage a Fleet of the right size and balance for our nation.

Despite the challenges, I am very optimistic about our future and the many opportunities ahead. The dedication of our Sailors and Navy civilians is inspiring. They are truly making a difference and it is an honor to serve alongside them. I thank you for your continued support and commitment to our Navy and for all you do to make the United States Navy a force for good today and in the future.

ANNEX I

2007 – Year in Review

Operations

In 2007, the US Navy deployed the USS ENTERPRISE, DWIGHT D. EISENHOWER, JOHN C. STENNIS, RONALD REAGAN, and NIMITZ Carrier Strike Groups (CSGs) as well as the USS IWO JIMA, BOXER, BATAAN, BONHOMME RICHARD, and KEARSARGE Expeditionary Strike Groups (ESGs) with their embarked Marine Expeditionary Units (MEUs). In January 2007, when the President called for the surge of two carriers to the Central Command (CENTCOM) area of responsibility, we responded. Within weeks we positioned two CSGs in the North Arabian Sea and deployed a third CSG to fulfill our Western Pacific commitments while our forward deployed carrier in Japan completed a maintenance availability. Throughout 2007, our globally postured seapower kept the homeland and our citizens secure from direct attack and advanced our interests around the world.

Our expeditionary forces gave our leaders options for responding not only to emerging threats but to natural disasters as well. Our forward-deployed posture enabled the Navy and Marine Corps to rapidly respond and provide aid following three natural disasters last year. USNS GYSGT FRED W. STOCKHAM provided relief to the victims of the tsunami that struck the Solomon Islands in April 2007. In September 2007, USS WASP and USS SAMUEL B. ROBERTS participated in Central American relief efforts following Hurricane Felix. USS KERSARGE/22nd MEU and USS TARAWA/11th MEU responded to the cyclone that devastated Bangladesh in November 2007.

In 2007 we contributed to the Joint Force with expert planning and execution across the spectrum of operations. When the Air Force grounded its F-15 aircraft, Navy F/A-18 aircraft from USS ENTERPRISE assumed Air Force missions in Afghanistan. This flexibility and continuity allowed our NATO forces and the International Security Assistance Force to continue their missions without degradation in air cover.

Our Navy also contributed high-demand, highly-qualified expeditionary units to OEF and OIF through accelerated deployments of SEABEES, Explosive Ordnance Disposal teams, and SEALs. The Naval Expeditionary Combat Command (NECC), established in 2006, has already deployed RIVRON ONE (Mar 07) and RIVRON TWO (Oct 07) in support of OIF. Our riverine capability is growing; RIVRON THREE has been organized, trained and equipped, and will deploy in the spring of 2008. NECC's mission enables our Navy to better balance its force across the blue, green, and brown-water environments, ensuring effective Navy expeditionary warfighting, closing capability gaps, and aligning seams in global maritime security operations. Combatant Commander (COCOM) demand for NECC capabilities remains high. New and evolving expeditionary capabilities are becoming operational and supporting ongoing operations.

Last year the Navy deployed Coast Guard Law Enforcement Detachments (LEDETs) on board our ships and together we disrupted illegal trafficking of more than 188,907 pounds of cocaine. This accounted for more than 53 percent of the total cocaine removed by the Coast

Guard in FY 2007 (a record year at 355,755 total pounds). These LEDETs also detained 68 suspected smugglers, seized five vessels, and sunk 13 vessels engaged in illicit traffic.

Our Navy and Coast Guard also worked together in CENTCOM maritime security operations. In the Northern Arabian Gulf we are protecting Iraqi oil platforms, maintaining Iraqi territorial sea integrity, assisting in local policing of the offshore waters, and training Iraqi naval forces. We are working together in OIF, conducting Maritime Interception Operations, high-value asset escorts, and coastal security patrols with coalition and Iraqi naval forces. LEDETs deployed aboard Navy ships have trained hundreds of Iraqi navy and marine personnel in security and law enforcement, boarding procedures, self-defense, small boat tactics, and small boat maintenance. The Navy's African Partnership Station (APS) ship, USS FORT MCHENRY, has coordinated training sessions with the Coast Guard and has embarked Coast Guard Auxiliary members as interpreters for country visits.

In 2007, USNS COMFORT and USS PELELIU conducted two proactive humanitarian assistance missions in South America and the Western Pacific, respectively. The results were extraordinary. Navy personnel embarked on COMFORT and PELELIU, together with Joint, NGO, and foreign medical officers, visited 20 countries; treated more than 130,000 medical patients, 29,000 dental patients, and 20,000 animals; conducted more than 1,400 surgeries; completed more than 60 engineering endeavors; and spent over 3,000 man-days in community relations projects. These missions of support, compassion, and commitment are enduring and they are codified in our maritime strategy.

We continue to meet COCOM Theater Security Cooperation (TSC) objectives with well-trained, combat ready forces. We are developing the concept of Global Fleet Stations (GFS), which will allow the Navy to coordinate and employ adaptive force packages within a regional area of interest. The pilot GFS, carried out by the High Speed Vessel SWIFT and closely coordinated with the State Department, conducted bilateral engagement activities in seven Latin American nations. This effort enhanced cooperative partnerships with regional maritime services and improved operational readiness for the participating partner nations. We conducted bi-lateral and multi-lateral exercises with navies in the Gulf of Guinea, the Mediterranean Sea, the Arabian Gulf, and waters in Latin America, and the Atlantic, Pacific, and Indian Oceans. The most notable exercises include MALABAR 07-2 with Indian, Japanese, Australian, and Singaporean navies; FRUKUS with French, Russian, and British navies; and PHOENIX EXPRESS with European and North African navies. Meanwhile, Exercise VALIANT SHIELD 2007 brought together three CSGs, six submarines, and many Navy and Joint capabilities to validate our effectiveness in multi-dimensional, full-spectrum, joint warfare. We remain the most dominant and influential Navy, globally and across all maritime missions.

Our engagement with other nations last year included cooperation through our foreign military sales (FMS) program. FMS is an important aspect of our security cooperation program which improves interoperability, military-to-military relations, and global security. The Navy's FMS program builds partner nation maritime security capabilities through transfers of ships, weapon systems, communication equipment, and associated training programs. The sale of USS TRENTON to India, USS HERON and USS PELICAN to Greece, and USS CARDINAL and USS RAVEN to Egypt are recent examples of our FMS program. Other countries remain

interested in our mine sweepers, our frigates, and newer technologies coming online in the near future. We pursue these opportunities but never at the expense of our own needs.

Manpower

The men and women of the United States Navy are the core of every successful operation we conduct. I am impressed and inspired by our Sailors' ability to perform exceptionally well under all circumstances. Our Sailors are engaged globally: in special operations and combat support in Iraq; in flying combat sorties in support of OEF and OIF; in providing security protection for oil platforms; in conducting civil affairs missions; in participating in TSC activities in the Horn of Africa; and in ships and submarines deployed worldwide. Additionally, over 17,000 individual augmentees (IAs) were trained and deployed to support OEF and OIF missions.

Last year we met recruiting and retention goals and exceeded our active enlisted accession goal for the ninth consecutive year. We achieved 100 percent of our reserve enlisted accession goal. We met 97.9 percent of our active officer goal, with shortfalls residing primarily in medical and chaplain accessions. New and enhanced special and incentive pay authorities enacted in both the FY 2006 and FY 2007 National Defense Authorization Acts helped our Navy attain its goals in key mission areas and improve performance in others. Our Navy continues to aggressively recruit the best talent our nation has to offer. This is a demanding task considering an increasingly challenging recruiting environment.

Our AC and RC remain aligned through Active Reserve Integration (ARI). As demonstrated through force generation, deployment and redeployment, it is clear that RC forces meet two significant needs of our Navy. First, reservists deliver capability and capacity in support of major combat operations, and second, reservists provide operational augmentation to meet routine military missions. To use the full potential of our RC effectively, we continue to capitalize on RC involvement in operational support missions. This builds on ARI successes to date and will lead to the institutionalization of our operational Navy Reserve. We continue to monitor AC strength reductions and evaluate the impact of our force shaping programs with respect to the RC.

Our Navy continues to pursue diversity. We are in the final phase of a three-phase diversity campaign. In Phase III, we hold senior Navy leadership personally accountable for ensuring that we build the most diverse organization possible. We also instituted a mentoring regimen focused on developing and retaining top talent from all demographics.

Equipment

Our Navy's mission in projecting power and presence overseas depends upon a modern, technologically advanced Fleet. The quality, condition, and capabilities of our ships and aircraft are critical.

In 2007, we christened six ships: the aircraft carrier GEORGE H. W. BUSH, the guided missile destroyers STERETT and TRUXTUN, the dry cargo/ammunition ships ALAN

SHEPARD and RICHARD E. BYRD, and the fast attack submarine NORTH CAROLINA. We also commissioned four ships: the guided missile destroyers KIDD and GRIDLEY, the amphibious transport dock NEW ORLEANS, and the fast attack submarine HAWAII.

Despite these accomplishments, decommissionings resulted in a net gain of only two ships in 2007. We reluctantly, but prudently, cancelled construction of the third and fourth LCS due to challenges in controlling cost and schedule. The rate at which we are growing our Fleet will challenge our ability to fulfill the core capabilities of the maritime strategy. I am committed to taking the steps necessary to build the future Fleet and re-establish the vital trust needed among the Department, Congress, and industry to get our Navy above a 313-ship floor.

Building the future Fleet is also about aircraft. In 2007, we rolled out the first E-2D Advanced Hawkeye. Despite several successes in aircraft delivery, the high demand for air assets in OEF and OIF expended a significant portion of the limited service life remaining on our EA-6B electronic attack aircraft, MH-60 multi-mission helicopters, F/A-18 C/D strike-fighter aircraft, and P-3 maritime patrol aircraft. The accelerated depletion of service life could translate into aircraft shortfalls if the expended aircraft are not replaced.

ANNEX II

Programs and Initiatives to Achieve Navy Priorities

Surface Warfare

LCS

Designed to be fast and agile, LCS will be a networked surface combatant with capabilities optimized to assure naval and Joint force access into contested littoral regions. No other ship can deliver what LCS offers in terms of flexibility. LCS will operate with focused-mission packages that deploy manned and unmanned vehicles to execute a variety of missions, including littoral anti-submarine warfare (ASW), surface warfare (SUW) and mine countermeasures (MCM). LCS will employ a Blue-Gold multi-crewing concept for the early ships. The crews will be at a "trained to qualify" level before reporting to the ship, reducing qualification time compared to other ships.

The LCS program has experienced significant cost overruns for the lead ships in the class. After a series of increases in contractor-estimated costs of completion, the Navy and industry initiated a thorough analysis of the program. The Navy revalidated the warfighting requirement and developed a restructured program plan for LCS that improves management oversight, implements more strict cost controls, incorporates selective contract restructuring, and ensures delivery within a realistic schedule.

Construction progress on LCS #1 and LCS #2 is on track to support delivery of these ships in 2008. By exercising active oversight and strict cost controls in the early years, the Navy will ensure delivery of LCS to the Fleet over the long term. Our FY 2009 request for \$1.47 billion will continue R&D and construction of LCS and associated modules.

DDG 1000

DDG 1000 introduces valuable technological advances that will provide essential risk reduction. This multi-mission surface combatant will provide independent forward presence and deterrence and it will operate as an integral part of joint and combined expeditionary forces. DDG 1000 will capitalize on reduced signatures and enhanced survivability to maintain persistent presence in the littorals. Our FY 2009 request for DDG 1000 is for \$3.0 billion in shipbuilding and research funds.

CG(X)

CG(X) will be a highly capable major surface combatant tailored for joint air and missile defense and joint air control operations. CG(X) will provide airspace dominance and protection to Joint forces operating in the Seabase. CG(X) will replace the CG-47 Aegis class and improve the Fleet's air and missile defense capabilities against advancing threats, particularly ballistic missiles. IOC will be in 2019. \$370 million in research and development for FY 2009 supports CG(X) development to include radar development. The Navy is conducting a rigorous analysis

to examine alternatives for CG(X), understanding that the National Defense Authorization Act requirement for nuclear power applies to CG(X).

Aegis Ballistic Missile Defense (BMD)

Aegis BMD is the seabase component of the Missile Defense Agency's (MDA) Ballistic Missile Defense System (BMDS). It enables surface combatants to support ground-based sensors and provides a capability to intercept short and medium-range ballistic missiles with ship-based interceptors (SM-3 missiles). The Gap Filler Sea-Based Terminal Program provides the ability to engage a limited set of short range ballistic missiles with modified SM-2 Block IV missiles from Aegis BMD capable ships. While development and procurement funding is covered under the MDA budget, the Navy has committed \$16.5 million in FY 2009 for operations and sustainment of Aegis BMD systems.

Since 2002, Navy and MDA have executed twelve successful intercepts in fourteen flight tests (11 Exo-atmospheric SM-3 engagements and one Endo-atmospheric SM-2 Block IV engagement). Operational ships have capability today with Aegis BMD program and components installed on 17 ships, including three cruisers (engagement capable) and 14 DDGs (nine engagement capable and five Long Range Surveillance and Track (LRS&T) capable). Additional installations are planned for 2008 to provide a total of 18 engagement-capable ships. In addition to these hardkill capabilities, the Navy is focused on delivering a robust capability against ballistic missiles across the enemy kill chain to include softkill and counters to Intelligence, Surveillance, and Reconnaissance (ISR), detection, cueing, and tracking prior to the launch of anti-ship ballistic missiles. The development of future capability will be informed through robust modeling and simulation to evaluate trade-offs among capabilities across the kill chain as well as the BMD capacity required to prevail in various geographic areas of concern.

Aegis Cruiser Modernization

AEGIS cruiser modernization is vital to achieving the 313 ship force structure. A large portion of total surface force modernization (including industrial base stability) is resident in this program, which includes both Combat System and Hull, Mechanical, and Engineering (HM&E) upgrades. \$426.5 million in FY 2009 supports this program.

DDG 51 Modernization

The DDG 51 modernization program is a comprehensive 62 ship program that will upgrade hull, mechanical, electrical, and combat systems. These upgrades support reductions in manpower and operating costs, achieve 35+ year service life, and allow the class to pace the projected threat well into the 21st century. Our FY 2009 budget request includes \$325.7 million for this effort.

Surface Ship Torpedo Defense (SSTD)

Torpedo defense must keep pace with the increasing torpedo threat to our ships. The AN/SLQ-25A "Nixie" is the Navy's fielded SSTD system. We will counter the future torpedo threat with

an Anti-Torpedo Torpedo (ATT) System now in development. Increment I will deliver improved Torpedo Detection, Classification, and Localization (TDCL) and ATT salvo capability to cruisers and destroyers. Increment II will expand this capability beyond surface combatants. Increment I IOC is planned for FY 2017. We are currently assessing these plans to deliver Increment II. The FY 2009 budget provides \$59.3 million to support this program.

Standard Missile-6 (SM-6)

The Navy's next-generation Extended Range, Anti-Air Warfare interceptor is the SM-6. It will be used by legacy and future ships, and with its active-seeker technology it will defeat anticipated theater air and missile threats well into the next decade. The FY 2009 budget of \$345.4 million in research, development, and procurement will support an IOC in FY 2010.

Long Range Land Attack Projectile (LRLAP)

Long Range Land Attack Projectile (LRLAP) is the primary munition for the DDG 1000 Advanced Gun System (AGS). AGS and LRLAP will provide Naval Surface Fire Support (NSFS) to forces ashore during all phases of the land battle. All program flight test objectives have been met including demonstration of threshold range (63nm), in-flight guidance, gun launch survival, and repeatability. \$97 million in FY 2009 supports continued development.

Harpoon Block III Missile

Harpoon Block III meets requirements for an all weather, precision, ship and air launched, anti-ship missile capability. \$68 million in FY 2009 supports development of an upgrade to existing Harpoon Block IC missiles that will add data link and GPS capability to improve accuracy and target selectivity.

Extended Range Munition (ERM)

The Extended Range Munition (ERM) is a five-inch, rocket-assisted, guided projectile providing range and accuracy superior to that of conventional ammunition. The program includes modifications to existing five-inch guns and fire-control systems. The projectile uses a coupled GPS/INS guidance system and unitary warhead with a height-of-burst fuse. A 20-round reliability demonstration in September 2008 is planned prior to land-based flight and qualification testing. \$39 million in FY 2009 supports this program.

Cooperative Engagement Capability (CEC)

CEC is an advanced sensor netting system enabling real-time exchange of fire-control quality data between battle force units. CEC provides the integrated, precision air defense picture required to counter the increased agility, speed, maneuverability, and advanced design of cruise missiles, manned aircraft, and (in the future) tactical ballistic missiles. \$123.3 million in FY 2009 supports this program.

CEC's acquisition strategy implements open architecture based hardware with re-hosted existing software. A critical element is the P3I hardware that reduces cost, weight, cooling, and power requirements. The Integrated Architecture Behavior Model (IABM) will be implemented as a host combat system software upgrade. IABM will replace the cooperative engagement processor functionality and enable joint interoperability with common track management across the Services.

Tomahawk/Tactical Tomahawk (TACTOM)

TACTOM provides precision, all-weather, and deep-strike capability. TACTOM provides more flexibility and responsiveness at a significantly reduced life cycle cost compared to previous versions. Additionally, it includes flex-targeting, in-flight retargeting, and two-way communications. Tomahawk Block IV is in a full-rate, multi-year procurement for FY 2004-2008. The FY 2009 budget provides \$357 million which will support a new sole-source firm fixed-price contract to continue TACTOM development and procurement.

Submarine Warfare

VIRGINIA Class Fast Attack Nuclear Submarine (SSN)

We must maintain an SSN force structure to meet current operational requirements and face potential future threats. The VIRGINIA class emphasizes affordability and optimizes performance for undersea superiority in littoral and open ocean missions.

The FY 2009 budget requests \$3.6 billion for submarine construction, technical insertions, and cost reduction developments. Navy has worked closely with industry to reduce the cost per submarine and increase the build rate to two submarines per year starting in FY 2011. The Multi-Year Procurement (MYP) authority received in the FY 2008 NDAA supports an FY 2009-2013 MYP contract that will mitigate future force level deficiencies and achieve cost reduction goals through Economic Order Quantity savings and better distributed overhead costs.

ASW Programs

The Navy continues to pursue research and development of Distributed Netted Sensors (DNS); these are rapidly deployable, autonomous sensors that provide the cueing and detection of adversary submarines. Examples of technologies included in our FY 2009 request of \$46 million are:

- Reliable Acoustic Path, Vertical Line Array (RAP VLA). A passive-only distributed system exploiting the deep water propagation phenomena. In essence, a towed array vertically suspended in the water column.
- Deep Water Active Distributed System (DWADS). An active sonar distributed system optimized for use in deep water.

- Deployable Autonomous Distributed System (DADS). A shallow water array, using both acoustic and non-acoustic sensors to detect passing submarines. DADS will test at sea in FY 2008.
- Littoral ASW Multi-static Project (LAMP). A shallow water distributed buoy system employing the advanced principles of multi-static (many receivers, one/few active sources) sonar propagation.

Further developing the Undersea Warfare Decision Support System (USW-DSS) will leverage existing data-links, networks, and sensor data from air, surface, and sub-surface platforms and integrate them into a common ASW operating picture. This networked approach will allow our forces to plan, conduct, and coordinate ASW operations in near real time. We are requesting \$19.75 million in FY 2009 for USW-DSS.

To effectively attack the threat, the Navy has continued a robust weapons development investment plan that includes \$127 million requested in the FY 2009 for capabilities, such as:

- High-Altitude ASW Weapons Concept (HAAWC). Since current maritime patrol aircraft must descend to low altitudes to deliver ASW weapons on target, they often lose communications with sonobuoys or distributed sensor fields. HAAWC will allow the aircraft to remain at high altitude and conduct effective attacks while simultaneously enabling the crew to maintain and exploit the full sensor field. This capability supports the P-8A Multi-mission Maritime Aircraft.
- Common Very Lightweight Torpedo (CVLWT). The Navy is developing a 6.75-inch torpedo suitable for use in surface ship and submarine anti-torpedo torpedo defense.

Platform Sensor Improvements. To counter the threat of quieter, modern diesel-electric submarines, we are continuing to work on both towed array and hull-mounted sonar systems. Our \$512 million request in FY 2009 includes the following:

- TB-33 thin-line towed array upgrades to forward-deployed SSNs provide near-term improvement in submarine towed array reliability over existing TB-29 arrays. TB-33 upgrades are being accelerated to Guam-based SSNs.
- Continued development of twin-line thin-line (TLTL) and vector-sensor towed arrays (VSTA) are under development for mid to far-term capability gaps. TLTL enables longer detection ranges/contact holding times and it improves localization and classification of contacts. VSTA is an Office of Naval Research project that would provide TLTL capability on a single array while still obviating the bearing ambiguity issue inherent in traditional single line arrays.

21" Mission Reconfigurable Unmanned Underwater Vehicle System (MRUUVS)

21" MRUUVS is a submarine launched and recovered, reconfigurable UUV system that will provide robust, clandestine minefield reconnaissance and general ISR in denied or inaccessible

areas. The MRUUVS program has been restructured, moving IOC from Fiscal Year 2013 to 2016, when clandestine mine countermeasure capability from LOS ANGELES class submarines will be delivered. ISR capability and VIRGINIA class host compatibility could occur in follow-on increments approximately two years after IOC. FY 2009 funds \$30.1 million to support the MRUUVS program.

Expeditionary Warfare

Maritime Prepositioning Force (MPF) (Future)

MPF(F) provides a scalable, joint-seabased capability for the closure, arrival, assembly, and employment of up to a Year-2015-sized Marine Expeditionary Brigade force. MPF(F) will support the sustainment and reconstitution of forces when required. MPF(F) is envisioned for frequent utility in Lesser Contingency Operations, and when coupled with Carrier or Expeditionary Strike Groups, MPF(F) will provide the nation a rapid response capability in anti-access environments.

The MPF(F) program was shifted one year to allow the Navy and Marine Corps to better define requirements prior to awarding the initial Mobile Landing Platform contract. The FY 2009 budget provides \$42 million in research and development and \$348 million in advanced procurement for MPF(F) LHA(R).

LEWIS & CLARK Dry Cargo/Ammunition Ship (T-AKE)

T-AKE will replace aging combat stores (T-AFS) and ammunition (T-AE) ships. Operating with an oiler (T-AO), they can substitute as a station ship, which would allow us to retire four fast combat support ships (AOE 1 Class). \$962 million in FY 2009 funds the 11th and 12th T-AKE. The lead T-AKE ship was delivered in June 2006 and has completed operational evaluation (OPEVAL).

LPD 17

LPD 17 functionally replaces LPD 4, LSD 36, LKA 113, and LST 1179 classes of amphibious ships for embarking, transporting and landing elements of a Marine landing force in an assault by helicopters, landing craft, and amphibious vehicles. \$103 million in the FY 2009 budget request supports the LPD 17 program.

Joint High Speed Vessel (JHSV)

The Joint High Speed Vessel (JHSV) program is an Army and Navy joint program to deliver a high-speed, shallow draft surface ship capable of rapid transport of medium payloads of cargo and personnel within a theater to austere ports without reliance on port infrastructure for load/offload. The FY 2009 budget provides \$175 million to procure the first JHSV vessel.

Remote Minehunting System (RMS)

RMS uses a diesel-powered, high-endurance, off-board, semi-submersible vehicle to tow the Navy's most advanced mine hunting sonar, the AN/AQS-20A. The system will be launched, operated, and recovered from surface ships. RMS will provide mine reconnaissance, detection, classification, localization, and identification of moored and bottom mines. \$49.86 million in FY 2009 supports this program.

Air Warfare

CVN 21

The CVN 21 program is designing the next generation aircraft carrier to replace USS ENTERPRISE (CVN 65) and NIMITZ-class aircraft carriers. The lead ship has been designated as the USS GERALD R. FORD (CVN 78). These ships will provide improved warfighting capability and increased quality of life for our Sailors at reduced acquisition and life cycle costs. \$2.8 billion in shipbuilding funds for FY 2009 supports acquisition of CVN-78 scheduled for delivery in late FY 2015.

F-35 Joint Strike Fighter (JSF)

JSF program will develop and field a family of multi-mission strike fighter aircraft using mature/demonstrated 21st century technology to meet warfighter needs of the Navy, Marine Corps, Air Force, and international partners, including the United Kingdom, Italy, Netherlands, Denmark, Turkey, Norway, Australia, and Canada (with ongoing foreign military sales discussions with Israel, Singapore, and Spain). Navy's FY 2009 investment of \$3.4 billion includes procurement of eight aircraft and continued research and development for aircraft and engine development.

P-8A Multi-mission Maritime Aircraft (MMA)

The P-8A will replace the P-3C Orion aircraft and will recapitalize the Maritime Patrol ASW, Anti-Surface Warfare, and armed ISR capabilities that currently reside in P-3 squadrons. The P-8A is the only aircraft with this operationally agile capability set. It will fulfill COCOM requirements for combat and theater security operations, and homeland defense. IOC is planned in FY 2013. \$1.1 billion in funding is included in the FY 2009 budget.

EA-18G Growler

The EA-18G Growler will replace the EA-6B aircraft and provide carrier-based Airborne Electronic Attack (AEA). The inventory objective of 85 aircraft will support 10 operational carrier air wing squadrons and a Fleet Replacement Squadron. IOC will be in FY 2009. \$1.8 billion supports development and procurement of 22 aircraft in FY 2009.

MV-22B Osprey

MV-22 Osprey is the Marine Corps medium-lift assault support aircraft that will replace legacy CH-46Es and CH-53Ds. Current operational projections hold CH-46Es in service through FY 2018, and CH-53Ds through FY 2013. The CH-46Es are playing a critical role in the War on Terror, flying more than four times their peacetime utilization rate making delivery of the MV-22 more critical. The MV-22's improved readiness, survivability, and transformational capability (twice the speed, three times the payload, and six times range of the airframes it is replacing) will vastly improve operational reach and capability of deployed forces. The aircraft is approved for Full Rate Production and entered a Congressionally-approved, Joint, five-year, multi-year procurement in FY 2008. The FY 2009 budget of \$2.2 billion procures 30 aircraft. The total requirement is 360 MV-22s for the Marines, 48 MV-22s for the Navy, and 50 CV-22s for Special Operations Command.

F/A-18E/F Super Hornet

The Navy's next generation, multi-mission Strike Fighter provides a 40 percent increase in combat radius, a 50 percent increase in endurance, a 25 percent increase in weapons payload, three times more ordnance bring-back, and five times more survivability than F/A-18C models. Approximately 65 percent of the total procurement objective has been delivered (317 of 493). F/A-18E/F is in full rate production under a second five-year multi-year contract (Fiscal Years 2005-2009). \$1.9 billion in FY 2009 procures 23 aircraft as part of that contract.

F/A-18A/B/C/D Hornet

The F/A-18 Hornet is naval aviation's principal strike-fighter. It serves the U.S. Navy and Marine Corps, as well as the armed forces of seven countries. This multi-mission aircraft has maintained its combat relevance through improvements and upgrades to weapons, communications, navigation, and defensive electronic countermeasure systems. Although the F/A-18A/B/C/D are out of production, the existing inventory of 667 Navy and Marine Corps aircraft will continue to comprise half of the carrier strike force until 2013. These aircraft are scheduled to remain in the inventory through 2022. \$322 million in FY 2009 supports improvements to the F/A-18 A/B/C/D variants.

E-2D Advanced Hawkeye

The E-2D Advanced Hawkeye (AHE) program will modernize the current E-2C weapons system by replacing its radar and other aircraft system components to improve nearly every facet of tactical air operations. The modernized weapons system will maintain open ocean capability while adding transformational littoral surveillance and Theater Air and Missile Defense capabilities against emerging air threats in the high clutter, electro-magnetic interference, and jamming environments. AHE is one of four pillars of the Naval Integrated Fire Control-Counter Air capability. The FY 2009 budget of \$1.1 billion procures three aircraft and funds continued research and development.

MH-60R/S Multi-Mission Helicopter

The MH-60R multi-mission helicopter program will replace the surface combatant-based SH-60B and carrier-based SH-60F with a newly manufactured airframe and enhanced mission systems. The MH-60R provides forward-deployed capabilities, including mine sweeping, surface warfare (SUW), and ASW, to defeat area-denial strategies, which will enhance the ability of the Joint force to project and sustain power. Full Rate Production was approved in March 2006. \$1.2 billion in FY 2009 procures 31 aircraft.

The MH-60S supports: Carrier and Expeditionary Strike Groups in Combat Logistics, Search and Rescue, Vertical Replenishment, Anti-Surface Warfare, Airborne Mine Countermeasures, Combat Search and Rescue, and Naval Special Warfare mission areas. Armed Helicopter capability achieved IOC in FY 2007. The Airborne Mine Countermeasures capability will achieve IOC with the AWS-20 Sonar in FY 2008. \$550 million in FY 2009 procures 18 aircraft.

C-40A Clipper

The C-40A Clipper is a replacement for legacy DC-9/C-9B and C-20G aircraft. It provides flexible, time-critical, and intra-theater logistical support. It will serve as a connector between strategic airlift points of delivery to Carrier Onboard Delivery and Vertical Onboard Delivery locations. The inventory objective is 17 aircraft, and nine have been purchased. \$155 million in FY 2009 procures two aircraft.

CH-53K

The CH-53K Heavy Lift Replacement (HLR) is the follow on to the Marine Corps CH-53E Heavy Lift Helicopter. The CH-53K will more than double the CH-53E lift capability under the same environmental conditions. The CH-53K's increased capabilities are essential to meeting the Marine Expeditionary Brigade of 2015 Ship-to-Objective Maneuver vision. Major systems improvements of the new helicopter include larger and more capable engines, expanded gross weight airframe, better drive train, advanced composite rotor blades, modern interoperable cockpit, external and internal cargo handling systems, and survivability enhancements. The procurement objective of 156 aircraft has increased to 200 due to Marine Corps end strength growth to 202K. FY 2009 provides \$571 million for research and development.

EPX (EP-3E Replacement)

EPX will replace the EP-3E as a transformational multi-intelligence platform capable of providing strike targeting to warfighters. FY 2009 provides \$75 million in research and development to recapitalize the EP-3 airborne electronic surveillance aircraft. The Navy had originally partnered with Army's Aerial Common Sensor (ACS) program on this aircraft until the contract was terminated in FY 2006. After conducting further mission analysis, the Navy recognized it required significantly higher performance than that of the Army ACS program. The Navy developed the EPX program to respond to its requirement.

Broad Area Maritime Surveillance (BAMS)

BAMS is an unmanned aircraft designed to enhance Maritime Domain Awareness. It will be forward deployed, land-based, autonomously operated, and unarmed. Along with P-8A, BAMS is integral to the Navy's airborne ISR recapitalization strategy. \$480 million in research and development funding in FY 2009 continues the Navy's commitment to provide a persistent multi-sensor (radar, Electro-Optical/Infra Red, Electronic Support), maritime intelligence, surveillance, and reconnaissance capability with worldwide access.

Navy Unmanned Combat Air System (UCAS)

The Navy UCAS will develop and demonstrate low observable (LO), unmanned, air vehicle suitability to operate from aircraft carriers in support of persistent, penetrating surveillance and strike in high threat areas. \$276 million in FY 2009 research and development funds advance UCAS objectives.

MQ-8B Fire Scout Vertical Takeoff UAV (VTUAV)

The Navy's Vertical Takeoff and Landing Tactical UAV (VTUAV) is designed to operate from all air capable ships, carry modular mission payloads, and operate using the Tactical Control System (TCS) and Tactical Common Data Link (TCDL). VTUAV will provide day/night real time reconnaissance, surveillance and target acquisition capabilities, communications relay, and battlefield management to support the LCS core mission areas of ASW, Mine Warfare, and SUW. In May 2007, the program successfully completed a Milestone C review and was approved for Low Rate Initial Production. IOC moved from the fourth quarter of FY 2008 to the first quarter of FY 2009 due to a combination of software development delays and the availability of LCS to complete Fire Scout OPEVAL on schedule. \$65 million in development and procurement funding in FY 2009 supports engineering manufacturing development, operational testing and achievement of IOC.

Joint Standoff Weapon (JSOW)

JSOW is a low-cost, survivable, air-to-ground glide weapon designed to attack a variety of targets in day/night and adverse weather conditions at ranges up to 63 nautical miles. All variants employ a kinematically efficient, low-signature airframe with GPS/INS guidance capability. A Block III improvement effort will add anti-ship and moving target capability in FY 2009. The \$172 million in FY 2009 funding supports this development and continues production to build to our inventory objectives.

Decision Superiority/Networks**Consolidated Afloat Networks Enterprise Services (CANES)**

CANES is evolving from the existing Integrated Shipboard Networking System (ISNS) program of record. It consolidates and enhances the requirements for five existing afloat network programs into a single support framework for all C4I applications that currently require

dedicated infrastructure. The operational need for CANES has been well defined in existing network requirements documents and in the Global Information Grid Enterprise Services/Mission Area Initial Capability Documents. CANES will capitalize on industry best practices of common hardware, unified fielding, and “plug and play” software capability to produce fiscal savings, operational flexibility, and enhanced agility to warfighting applications. \$21.6 million is aligned to CANES in the FY 2009 budget, all of which was redirected from existing budget lines.

Next Generation Enterprise Network (NGEN)

NGEN Block 1 is the follow-on to the Navy Marine Corps Intranet (NMCI) and replaces the services currently provided by NMCI. Future NGEN Blocks will upgrade services provided by NMCI and the OCONUS Navy Enterprise Network. NGEN will also integrate with shipboard and Marine Corps networks to form a globally integrated, Naval Network Environment to support network operations. NGEN will leverage the Global Information Grid (GIG) and, where possible, utilize DoD enterprise services. The FY 2009 budget provides \$60 million to support the NGEN program.

Information Assurance (IA)

We are tailoring our approach to IA to concentrate our personnel and resources on protecting the Navy information battlespace. Navy Information Systems Security Program (ISSP) / Computer Network Defense (CND) are the Navy's IA programs that procure secure communications equipment for Navy ships, shore sites, aircraft, the Marine Corps, and U.S. Coast Guard. ISSP and CND will defend our Navy networks in depth. This will enhance the warfighter confidence in using the network as a weapons system. Navy Information Assurance uses a layered protection strategy, using Commercial Off-The-Shelf (COTS) and Government Off-The-Shelf (GOTS) hardware and software that collectively provides an effective network security infrastructure. Our FY 2009 Budget request includes \$101 million for these IA efforts.

Mobile User Objective System (MUOS)

MUOS is the next generation Ultra High Frequency (UHF) narrowband satellite communications (SATCOM) system, replacing UHF Follow-On. MUOS supports Communications-On-The-Move (COTM) to small and less stable platforms (handhelds, aircraft, missiles, UAVs, remote sensors) in stressed environments (foliage, urban environment, high sea state). MUOS will provide the communications infrastructure to facilitate command and control of a netted, distributed force with delivery of IOC in 2010. \$1.03 billion in the FY 2009 budget funds the MUOS program.

COBRA JUDY Replacement (CJR)

\$101.4 million funds the acquisition of a single ship-based radar suite for world-wide technical data collection against ballistic missiles. This replaces the current COBRA JUDY / USNS OBSERVATION ISLAND, which is scheduled to be removed from service in 2012. Upon achieving IOC in 2012, the Navy will transfer the CJR to the U.S. Air Force for operation and maintenance. The CJR program has entered the production stage.

Distributed Common Ground/Surface Systems (DCGS)

DCGS-N is the Navy's Intelligence, Surveillance, Reconnaissance, and Targeting (ISR&T) system. Funded at \$124 million in FY 2009, DCGS-N will receive and process multiple data streams from various ISR sources to provide time-critical aim points and intelligence products. This program will enhance the warfighter's Common Operational Picture (COP) and is being fielded afloat and ashore.

Deployable Joint Command and Control (DJC2)

DJC2 is a Secretary of Defense and Chairman of the Joint Chiefs of Staff priority transformation initiative providing Combatant Commanders (COCOM) with a standardized, deployable, and scalable Joint C2 headquarters capability tailored to support Joint Task Force (JTF) operations. DJC2 enables a COCOM to rapidly deploy and activate a JTF headquarters equipped with a common C2 package with which to plan, control, coordinate, execute, and assess operations across the spectrum of conflict and disaster relief missions. This budget request of \$35 million provides for operations and sustainment for the six existing systems, as well as continued research and development.

Maritime Headquarters with a Maritime Operations Center (MHQ/MOC)

The MHQ/MOC program creates a network of Navy headquarters that are trained and accredited to command Navy and Joint forces at the operational level of war. It transforms Navy operational headquarters into fully functional and scalable Command and Control Joint Task Force-capable Headquarters. It also automates and links key Navy and Joint planning processes in a globally networked environment.

Since the initiative began in FY 2008, we have validated the MHQ/MOC concept and developed architectures, processes and tasks to support its implementation. U.S. Fleet Forces Command is establishing an accreditation process and metrics. The 5th Fleet Prototype is providing operational verification of common tasks, processes and systems. The FY 2009 budget provides \$35 million to support MHQ/MOC.

Cyber Asset Reduction and Security (CARS)

The Cyber Asset Reduction and Security (CARS) initiative improves network security and optimizes resources by reducing legacy networks, applications, and systems to the minimum necessary for the Navy to conduct its business. CARS has reduced the Navy's total network inventory. From January 2006 until December 2007, the Navy has reduced its networks from 1200 to 625, a 43 percent reduction. We intend to reduce them to approximately 200 by September 2010, an 83 percent reduction. Network reduction, in conjunction with efforts for data center, web site, and portal consolidation, will reduce the Navy's physical IT servers, external circuits, and applications.

TRIDENT

TRIDENT is a maritime intelligence production capability within the Office of Naval Intelligence that provides tailored, focused, timely intelligence support to Naval Special Warfare (NSW) and Joint special operations forces operating in the maritime domain. For \$9.7 million in FY 2009, TRIDENT production directly supports OEF/OIF and responds to ongoing initiatives to improve intelligence support to NSW. TRIDENT has deployed four Tactical Intelligence Support Teams (TIST) in Iraq since April 2006.

Automatic Identification System (AIS)

AIS leverages commercially available technology to provide a shipboard Very High Frequency (VHF) maritime band transponder system capable of sending and receiving ship information, including navigation, identification, and cargo data. AIS improves significantly the Navy's ability to distinguish between legitimate and suspicious merchant ships. Navy warships using AIS have dramatically increased situational awareness, safety of ship, and intelligence gathering. \$16 million in FY 2009 will support continued fielding of AIS to the Fleet.

Navy Enterprise Resource Planning System (Navy ERP):

Navy ERP is an integrated business management system that modernizes and standardizes Navy business operations, provides management visibility across the enterprise, and increases effectiveness and efficiency. The program will align Navy to DoD's business enterprise architecture and provide real-time, end-to-end data to enable informed decisions. The current program of record delivers functionality in three releases: financial management and acquisition, wholesale and retail supply chain management, and intermediate-level maintenance support. The FY 2009 budget provides \$145 million for the Navy ERP program.

Infrastructure/Environment

Undersea Warfare Training Range (USWTR)

The proposed USWTR is a 500-square nautical mile instrumented underwater training range in shallow littoral waters on each coast. USWTR will support undersea warfare (USW) training exercises for the Atlantic and Pacific Fleet. Undersea hydrophones will provide real time tracking and a record of participants' activities to evaluate tactics, proficiency, and undersea warfare combat readiness. The instrumented area will be connected to shore via a single trunk cable.

Pending signature of the environmental Record of Decision (ROD) for the East Coast USWTR in May 2009, the Navy will commence hardware procurement in FY 2010. The west Coast Shallow Water Range is being analyzed as part of the Environmental Impact Statement for the Southern California Range Complex and the ROD is scheduled for signature in January 2009. The shallow water ranges for both coasts will be completed in FY 2015. The Navy has requested \$17.6 million in FY 2009 for the program.

Facilities Recapitalization and Sustainment

Facilities Recapitalization is comprised of modernization and restoration. Modernization counters obsolescence by renewing a facility to new standards or functions without changing the facility size. Restoration includes efforts to restore degraded facilities to working condition beyond design service life or to fix damage from natural disaster, fire, etc. While MILCON is the major contributor to the Navy's recapitalization program, O&M Restoration and Modernization (RM) remains a critical contributor to recapitalizing our existing infrastructure. The FY 2009 Restoration and Modernization funding request of \$300 million provides targeted investment in critical facilities.

Facilities sustainment includes those maintenance and repair activities necessary to keep facilities in working order through their design service life. The FY 2009 funding request of \$1.7 billion is a funding level that maintains our facilities and retains mission capability in the short term. While the Navy has historically taken significant risk in shore infrastructure investment, we intend to reduce this risk by aggressively validating requirements through an enterprise approach based on capacity, configuration, and condition of the infrastructure and by identifying and demolishing excess infrastructure.

Marine Mammal Research/Sound in Water Effects

The Navy is committed to proactive compliance strategies to meet legal requirements. The Navy also identifies and funds marine mammal research, especially research related to mid-frequency active sonar. The Navy has requested \$18.1 million for its proactive compliance efforts in FY 2009. Filling in gaps in scientific data through continued acoustic research, enhances Navy compliance with the Marine Mammal Protection Act (MMPA), Endangered Species Act (ESA), Coastal Zone Management Act (CZMA), and National Environmental Policy Act (NEPA). This research is especially important considering the increasing pressure placed on the Navy to restrict its use of active sonar, even when it adversely impacts training and readiness. In addition to MMPA standards, the Navy firmly believes that science must both define the effects of active sonar on marine mammals and also serve as the appropriate basis for mitigation measures that ensure a proper balance between national security and protection of natural resources.

NIMITZ-Class Refueling Complex Overhaul (RCOH)

RCOH subjects NIMITZ-class aircraft carriers to comprehensive modernization upgrades, maintenance, and nuclear refueling to extend the service life of NIMITZ-class carriers to approximately 50 years. This is nearly 20 years longer than the originally planned service life. Execution of RCOH is required to maintain an 11 aircraft carrier force. A notional RCOH consists of 3.2 million man-days and a 36-month industrial period conducted at Northrop Grumman Newport News, Virginia. USS CARL VINSON (CVN 70) is on track to complete RCOH in March 2009. FY 2009 funding of \$628 million primarily supports RCOH for USS THEODORE ROOSEVELT.

Utilities Privatization (UP)

The Navy and Marine Corps have 645 utilities systems that are eligible for privatization on 135 activities/installations worldwide. Five hundred seventeen (80 percent) of these systems have reached Source Selection Authority (SSA) decisions. Of the 517 systems, 410 have been determined to be exempt, 28 have been awarded for privatization and 79 are being processed for exemption or award. 128 systems are still being reviewed for an SSA decision. \$1.3 million requested in our FY 2009 budget supports these ongoing initiatives.

BRAC 2005

The DoN BRAC Program Management Office (BRAC PMO) manages and oversees the DoN prior BRAC and BRAC 2005 actions and budget. The BRAC PMO oversees the efforts of Commander, Navy Installation Command (CNIC) and Commandant of the Marine Corps (CMC) realignment and closure efforts, and is responsible for completing property disposal and environmental remediation actions. The Navy is coordinating with other Services and agencies to support implementation of Joint actions.

The DoN BRAC program provides \$871 million in FY 2009 to continue implementation of BRAC actions. The FY 2009 program finances construction (including planning and design), operational movements at key closure and realignment locations, and the necessary environmental studies at receiving locations to fulfill National Environmental Policy Act (NEPA) requirements.

U.S.-Japan Realignment Roadmap on Guam

On May 1, 2006, the U.S. Japan Security Consultative Committee (SCC) approved the relocation of approximately 8,000 personnel for 3rd Marine Expeditionary Force and their 9,000 dependents from Okinawa Japan to Guam by 2014 as outlined in the U.S.-Japan Realignment Roadmap. The Roadmap stipulates that Japan will pay up to \$6.09B of the estimated \$10.3B cost for Guam facilities. The Secretary of Defense directed the Secretary of the Navy to work with the Secretaries of the Air Force, Army, Chairman of the Joint Chiefs of Staff, and PACOM, to establish a Joint Guam Program Office (JGPO) to facilitate, manage, and execute requirements for rebasing the Marines from Okinawa to Guam. The FY 2009 budget request of \$33.8 million continues planning and development for a National Environmental Policy Act (NEPA)-required Environmental Impact Statement (EIS).

Family Housing

Family housing supports readiness by providing Sailors and their families suitable, affordable, and safe housing. The Navy's housing strategy includes reliance on private sector housing, public/private ventures, and military construction. By the end of FY 2007, 95 percent of CONUS family housing had been privatized. Eighteen privatization projects have been awarded for 40,355 homes. To date, Navy has secured \$4.9 billion in private sector investment from \$277 million of Navy funds; a leverage ratio of 18:1. The agreements now in place will result in

the elimination of the last inadequate house by 2011. The FY 2009 budget provides \$462 million to support family housing.

Global Force Posture Review

As part of the Navy's ongoing contribution to the Defense Department's initiative to transform the US global defense posture, the Navy conducted its own agility assessment of the strategic placement of its aircraft carrier force. This assessment is aligned with the Quadrennial Defense Review (QDR) decision to build a Fleet that includes 11 CSGs. It is also consistent with the movement of other Service capabilities away from an Atlantic focus. As indicated in the 2006 QDR, the principle move for the Navy will be to assure the availability of six operational nuclear-powered aircraft carriers in the Pacific theater "to support engagement, presence, and deterrence." The Navy continues to review current and alternate carrier ports to ensure the strategic Navy force disposition will promote a forward-leaning nuclear-powered carrier force that will strengthen our engagement and shaping capabilities, reassure our allies, and deter potential conflicts.

Child Development Centers

Navy Child Development and Youth Programs provide quality care for over 98,000 children through 131 Child Development Centers, 103 Youth Development Programs, 3,021 Child Development Homes, and 86 School Age Care Programs. The average waiting time for childcare is six months in non-Fleet concentration areas and up to 12 months in Fleet concentration areas. FY 2009 budget request increases the number of child care spaces by 5,270 to provide service to 80 percent of potential need. The FY 2009 funding supports the construction of new Child Development Centers, the use of interim modular classrooms, the expansion of Child Development Home program, and additional contract civilian spaces.

Manpower

Human Intelligence (HUMINT)

The Navy continues to revitalize its HUMINT capability. The Navy's goal is to field a professional cadre of HUMINT collectors and to support personnel capable of executing the full range of HUMINT source operations in support of naval and national requirements. In conjunction with the Naval Criminal Investigative Service, the Navy continues to move forward with establishing a world-wide HUMINT program capable of successfully meeting the emerging threats in the 21st century. In the past year, Navy has successfully deployed its first tactical HUMINT teams into Iraq and experienced a very high success rate in the Al-Anbar province. Meanwhile, elements of the Office of Naval Intelligence continue to facilitate the exchange of Maritime Domain Awareness information between U.S. Navy and regional security partners. These elements provide maritime-focused collection capability that can capitalize on regional opportunities to further prosecute OEF/OIF and carry out other important missions. Naval Maritime Interdiction Operations Intelligence Exploitation Teams (MIO-IET) continue to increase on-scene intelligence collection and exploitation during MIO boardings. The FY 2009 budget provides \$17 million to support HUMINT and MIO-IET efforts.

AFRICOM

On December 15, 2006, the President directed the establishment of a Unified Command for Africa no later than October 1, 2008. The Secretary of Defense issued follow-on AFRICOM Implementation Guidance (AIG) outlining the necessary requirements and details to include stand up of a Sub-Unified Command under USEUCOM by October 1, 2007. The primary roles of the command are non-kinetic missions for security cooperation; humanitarian relief; stability, security, transition, and reconstruction activities (SSTR); partnership capacity; and MIL-to-MIL activities.

The Navy has filled the IOC requirement of 33 Navy billets. We also intend to fill our portion of the FOC manpower requirements for USAFRICOM in addition to approximately 100 billets for the associated Naval Component Command.

Language, Regional Expertise & Culture (LREC)

Achieving Navy's maritime strategy depends in part on our ability to communicate with and comprehend adversaries, allies, and partners. Consistent with the Defense Language Transformation Roadmap and the Navy Strategic Plan (NSP), the program incentivizes language proficiency, increases regional content in Navy Professional Military Education (NPME), and provides non-resident language instruction to all Sailors and delivers in-residence training to more officers. \$51.1 million requested in FY 2009 continues existing efforts and begins new initiatives of enhanced non-resident and resident language training.

Navy Education

Professional Military Education (PME)

Our fully fielded PME continuum provides career-long educational opportunities for professional and personal development that support mission capabilities. It contributes significantly to the development of 21st century leaders who have the capacity to think through uncertainty; develop innovative concepts, capabilities, and strategies; fully exploit advanced technologies, systems, and platforms; understand cultural/regional issues; and conduct joint operations.

Navy PME (NPME), with Joint PME embedded at every level, provides a common core of knowledge for all Sailors. A primary level program was implemented via distance learning in June 2006. The initial targeted audience is junior unrestricted line officers and senior enlisted Sailors. Introductory and basic level PME courses for more junior Sailors were fielded in January 2008. Our FY 2009 request of \$180.2 million allows the continuation of career-long educational opportunities for our Sailors.

Joint Professional Military Education (JPME)

JPME teaches the principles of Joint warfare and prepares leaders to conduct operations as a coherent Joint force. Our path enhances our belief in the value of jointness and systematically develops Navy leaders who are strategically minded, capable of critical thinking, and skilled in naval and Joint warfare. PME completion is linked with career progression. For example, intermediate-level PME with JPME Phase I is required for

screening unrestricted line officers for command beginning in FY 2009. In August 2006, the Naval War College implemented in-residence instruction of JPME Phase II into the senior-level course. To support Maritime Component Commanders, the Naval War College has also implemented the Maritime Staff Operations Course to strengthen maritime and joint planning and war fighting.

The Naval Reserve Officers Training Corps (NROTC)

The NROTC program comprises 59 active units at 71 host institutions of higher learning across the nation. With \$178 million requested in FY 2009, the program is adequately funded to provide four and two year scholarships to qualified young men and women to help prepare them for leading increasingly technical Navy and Marine Corps organizations as commissioned officers. The program continues to be a key source of nuclear power candidates and nurses and it increases officer corps diversity. We are increasing strategic foreign language skills and expanding cultural awareness among NROTC Midshipmen as well.

The United States Naval Academy

The Naval Academy is our naval college and it prepares young men and women morally, mentally, and physically to become professional officers of competence and character in the U.S. Navy and Marine Corps. Midshipmen attend the academy for four years. They graduate with a Bachelor of Science degree from one of 21 subject areas and are commissioned as Ensigns in the Navy or Second Lieutenants in the Marine Corps. The Naval Academy offers one of the most socially diverse educational experiences in America. Midshipmen come from all fifty states, forty-eight countries, and represent a mix of races, socio-economic groups, and religions. Naval Academy graduates serve at least five years in the Navy or Marine Corps. Renowned for producing officers with solid technical and analytical foundations, the Naval Academy is expanding its capabilities in strategic languages and regional studies. The \$128.6 million requested in the FY 2009 budget supports the Naval Academy mission.

The Naval Postgraduate School (NPS)

NPS is the Navy's principal source for graduate education. It provides Navy and defense-relevant, degree and non-degree, resident and nonresident, programs to enhance combat effectiveness. NPS provides essential flexibility for students to satisfy Navy and DoD emergent research needs. The flexibility also helps develop warfighters whose demanding career paths and deployment cycles can make graduate education opportunities difficult to achieve. NPS supports Navy operations through naval and maritime research and maintains an expert faculty capable of working in, or serving as, advisors to operational commands, labs, systems commands, and headquarters. The \$92.3 million requested in FY 2009 sustains this unique national asset, provides lab upgrades, and increases opportunities for distance learning.

The Naval War College (NWC)

The Naval War College provides professional maritime and joint military education, advanced research, analysis, and gaming to educate future leaders. Its mission is to enhance the professional capabilities of U.S. and international students to make sound decisions in command, staff and management positions in naval, joint, and multinational environments. The College also contributes to the evolution and establishment of international relationships and building Global Maritime Partners. The faculty, staff, and students support combat readiness through developing expertise at the operational level of war. The \$63 million requested in FY 2009 supports increased support of Joint Forces Maritime Component Command/Coalition Forces Maritime Component Command analysis and gaming capability, the China Maritime Studies Institute, initial investment for MHQ/MOC, support for JPME I and JPME II accreditation, funding for JPME I at the Naval Postgraduate School, and for NWC Maritime Staff Operations curriculum development.

Enlisted Retention (Selective Reenlistment Bonus)

Sailors are the Navy, and retaining the best and brightest Sailors has always been a Navy core objective and key to success. We retain the right people by offering rewarding opportunities for professional growth, development, and leadership. With reenlistment rates returning to historic levels after peaking in FY 2003, current reenlistment efforts are focused on shaping and stabilizing the force. Selective Reenlistment Bonuses (SRBs) are a key tool enabling us to offer attractive incentives to selected Sailors we want to retain. \$359.6 million requested in FY 2009 will provide for over 76,000 new and anniversary payments and ensure the Navy will remain selective in FY 2009.

Sexual Assault Victim Intervention (SAVI)

SAVI has three major components: awareness and prevention education, victim advocacy and intervention services, and collection of reliable data on sexual assault. Per the FY 2005 National Defense Authorization Act requirements, the Navy SAVI Program was transitioned from a program management to case management focus. Existing installation program coordinator positions were increased and became Sexual Assault Response Coordinators (SARCs), which is a standard title and position across the Department of Defense. SARCs are accountable for coordinating victim care/support and for tracking each unrestricted sexual assault incident from initial report to final disposition. Navy also provides 24/7 response capability for sexual assaults, on or off an installation, and during deployment through the use of Victim Advocates who report to installation SARCs. The \$6.2 million requested in the FY 2009 budget enables us to maintain this expanded SAVI program fleet-wide.

Family Advocacy Program (FAP)

The FAP addresses prevention, identification, reporting, evaluation, intervention, and follow-up with respect to allegations of child abuse/neglect and domestic abuse involving active duty and their family members or intimate partners. Maintaining abuse-free and adaptive family

relationships is critical to Navy mission readiness, maintenance of good order and discipline, and quality of service for our active duty members and their families.

RC Sailors, when activated or in a drill status, fall under the guidelines of DON Family Advocacy Program policy and have access to Navy programs until 18 months after deactivation. They also have access to Fleet and Family Support programs, which include new parent support and other prevention programs. FAP ensures proper balance for our Sailors' physical and mental health.

Sea Warrior Spiral 1

Sea Warrior comprises the Navy's training, education, and career management systems that provide for the growth and development of our people. The first increment, or "Spiral 1", of Sea Warrior is Interactive Detailing. This system allows Sailors to have greater insight and involvement in identifying and applying for Navy positions of interest to them professionally and personally. Spiral 1 Sea Warrior is a funded Navy program and its development follows a standard, rigorous acquisition engineering and program management processes. Additional Sea Warrior spirals will be developed in accordance with future capability needs and as clear requirements are defined.

In 2007 we fielded the first version of the Career Management System (CMS) with Interactive Detailing. This new system allows Sailors ashore to review their personal and professional information, view available jobs, and submit their detailing preferences through their career counselors. The next step is to provide the same to Sailors on ships. This portion of the system has been tested in the laboratory and is in the process of being installed and tested on selected ships.

The successful development and testing of these increments of additional functionality to the CMS system are the first steps in achieving our vision of enabling all Sailors to review available jobs and submit their own applications for their next assignment (consistent with policy and access) by June of 2009.

Health Care

Combat Casualty Care

Combat casualty care is provided by Navy medical personnel assigned to and serving with Marine Corps units in Expeditionary Medical Facilities, aboard casualty receiving/treatment ships and hospital ships, and in military and VA hospitals. A full range of health services to support the war fighter is provided in this integrated continuum of care, from the battlefield to our CONUS hospitals. We are redesigning Expeditionary Medical Facilities to become lighter, more mobile, and interoperable in a Joint environment.

Recent advances in force protection, battlefield medicine, combat/operational stress control, and medical evacuation have led to improved survival rates and enhanced combat effectiveness. Since the start of OEF/OIF the Marine Corps has fielded new combat casualty care capabilities, including: updated individual first aid kits with QuikClot and advanced tourniquets, robust

vehicle first-aid kits for convoy use, and Combat Lifesaver training. Navy Medicine leads advanced technology research for the development of new systems to provide forward resuscitative surgery, en route care, and the use of innovative technologies.

Post Traumatic Stress Disorder (PTSD)

Though there has been a slight increase in new cases since FY 2003, the prevalence of PTSD remains about one percent of the total Navy active duty population. The number of cases of PTSD in active duty Sailors was 1,046 in FY 2003, 964 in FY 2004, 1,221 in FY 2005, 1,280 in FY 2006, and 1,399 thru September 12, 2007. To reflect recent advancements in prevention and treatment of stress reactions, injuries, and disorders, the Navy/Marine Corps Combat/Operational Stress Control (COSC) doctrine is under revision and becomes effective in April 2009.

Quality Medical Care

Navy Medicine provides high quality, compassionate, cost-effective care. This care is a worldwide continuum from those wounded in battle to those operationally deployed, to those in garrison support, and to those who have retired from the uniformed service. Navy Medicine is continuously assessing its medical capabilities to improve and has adjusted to ensure the right health care capabilities are deployed as far forward as possible. These improvements are based on experience, lessons learned, and on requirements mandated by the warfighter. Changes have been made in the training of the physicians, nurses, and corpsmen who first encounter injured service members and in treatment methods. Recruitment and retention of health professionals remains a major focus.

Post-Deployment Health Care

Navy Medicine has developed new delivery models for deployment-related concerns and is working with the Office of Seamless Transition to improve coordination with the VA. Navy Medicine has established 17 Deployment Health Centers (DHC) as non-stigmatizing portals of care for service members and their families in areas of Fleet and Marine concentration. These centers support operational commands in ensuring medical care for those returning from deployment.

Statement of
General James T. Conway
Commandant of the Marine Corps

Before
House Armed Services Committee

***THE POSTURE OF THE
UNITED STATES MARINE CORPS***



2008

General James T. Conway

Commandant of the United States Marine Corps



General Conway was born in Walnut Ridge, Arkansas and is a graduate of Southeast Missouri State University. He was commissioned in 1970 as an infantry officer. His company grade assignments included multiple platoon and company commander billets with both the 1st and 2nd Marine Divisions; Executive Officer of the Marine Detachment aboard the USS KITTY HAWK (CVA-63); series and company commander at the Marine Corps Recruit Depot in San Diego; aide to the Commanding General, and Director, Sea School.

As a field grade officer, he commanded two companies of officer students and taught tactics at The Basic School; he also served as operations officer for the 31st Marine Amphibious Unit to include contingency operations off Beirut, Lebanon; and as Senior Aide to the Chairman, Joint Chiefs of Staff. Promoted to Lieutenant Colonel, he was reassigned to the 2d Marine Division as Division G-3 Operations Officer before assuming command of 3d Battalion, 2d Marines in January 1990.

He commanded Battalion Landing Team 3/2 during Operations DESERT STORM and DESERT SHIELD. Selected for colonel, he served as the Ground Colonels' Monitor, and as Commanding Officer of The Basic School. His general officer duties included Deputy Director of Operations, J-34, Combating Terrorism, Joint Staff, Washington, D.C.; and President, Marine Corps University at Quantico, VA. After promotion to major general, he assumed command of the 1st Marine Division. In November 2002, Major General Conway was promoted to lieutenant general and assumed command of the I Marine Expeditionary Force. He commanded I Marine Expeditionary Force during two combat tours in Iraq. In 2004, he was reassigned as the Director of Operations, J-3, Joint Staff, in Washington, D.C.

General Conway graduated with honors from The Basic School, the U.S. Army Infantry Officers' Advanced Course, the Marine Corps Command and Staff College and the Air War College.

General Conway's personal decorations include the Defense Distinguished Service Medal with palm, Navy Distinguished Service Medal, Legion of Merit, Defense Meritorious Service Medal, Meritorious Service Medal with two Gold Stars, Navy Commendation Medal, Navy Achievement Medal and the Combat Action Ribbon.



Executive Summary

Chairman Skelton, Congressman Hunter, and Distinguished Members of the Committee; I have pledged to always provide you forthright and honest assessments of your Corps. I bear that in mind today as I report to you on the posture of your Corps.

Your Marine Corps is fully engaged in what we believe is a generational struggle against fanatical extremists; the challenges we face are of global scale and scope. This Long War is multi-faceted and will not be won in one battle, in one country, or by one method. Your Marines are a tough breed and will do what it takes to win—not only in these opening battles of Iraq and Afghanistan, but also in the subsequent conflicts which we endeavor to prepare for today.

In the face of great hardship, your Marines have made a positive and selfless decision to stay resolved. More than 332,000 Marines have either enlisted or re-enlisted since September 11, 2001; more than 208,000 have deployed to Iraq or Afghanistan—a telling number for a force of less than 200,000 Marines. Make no mistake, they joined or decided to re-enlist knowing they would go into harm's way.

They have answered the Nation's call and are fully engaged in this fight—serving with distinction as the professionals they are. It falls on us, then, to fully support them—we owe them the full resources required to complete the tasks ahead. Now more than ever, they need the sustained support of the American people and the Congress to provide them the help they need to fight today's conflict, prepare for tomorrow's, and fulfill our commitment to our Marine families.

Without question, Marines in combat are our number one priority. Taken as a whole, combat operations are indeed stressing our forces and families. That said, the Marine Corps will not fail her country when called. In fact, in answer to the most recent call to provide ready forces to serve our Nation, the Marine Corps is deploying more than 3,200 Marines to Afghanistan in addition to supporting ongoing surge operations in Iraq and other force requirements worldwide.

It is with these great men and women in mind that the Marine Corps has shaped its priorities—which are enduring and serve not only the conflict of today, but also the inevitable crises that will arise in our Nation’s future. Through this budget request, we seek to:

Right-size the Marine Corps for today’s conflict and tomorrow’s uncertainty.

To fulfill our obligations to the Nation, the Marine Corps will grow its personnel end strength to 202,000 Active Component Marines by the end of Fiscal Year 2011. This increase will enable your Corps to train to the full spectrum of military operations and improve the ability of the Marine Corps to address future challenges of an uncertain environment. Our growth will enable us to recover our ability to respond in accordance with timelines outlined in Combatant Commander war plans—thereby, reducing operational risk. More than just manpower, this growth will require training, infrastructure, and equipment to meet the needs of our Nation.

Reset the force and prepare for the next contingency. To meet the demands of this war, we must reset the force so that we can simultaneously fight, train, and sustain our Corps. The Long War is taking a considerable toll on our equipment, and we continue to make tough choices on how best to apply the resources we are provided. Congress has responded rapidly and generously to our requests for equipment and increased protection for our Marines and Sailors. We are committed to fulfilling our responsibility to manage these resources prudently as we modernize our force.

Modernize for tomorrow to be “the most ready when the Nation is least ready.” Congressionally-mandated to be “the most ready when the Nation is least ready,” your multi-capable Corps is committed to fulfilling this responsibility. We remain focused and steadfast in our responsibility to be the Nation’s premiere expeditionary Force-in-Readiness. To do so, we continue to adapt our organization and equipment to provide our country the best Marine Corps in the world.

Provide our Nation a naval force that is fully prepared for employment as a Marine Air Ground Task Force across the spectrum of conflict. The newly published Maritime Strategy reaffirms our naval character and reemphasized our enduring relationship with the Navy and, now, Coast Guard. Current operations limit our ability to aggressively commit forces to strategy implementation at this time. However, as we increase our end-strength to 202,000 Marines and as security conditions continue to improve in Iraq, the Marine Corps will transition our forces to other battles in the Long War. The most complex mission in the Maritime Strategy is the

Congressionally-mandated mission of amphibious forcible entry. Such an operation requires a high level of proficiency and long-term resourcing and is not a capability that we can create on short notice.

Take care of our Marines and their families. Our most precious asset is the individual Marine. Our Marines and families have been steadfast and faithful in their service to our country, and we have an equally enduring obligation to them. As such, we are committed to putting our family programs on a wartime footing—our Marines and families deserve no less.

Posture the Marine Corps for the future beyond the horizon. The United States faces a complex mix of states who sponsor terrorism, regional and rising peer competitors, failing states that undermine regional stability, and a variety of violent non-state actors—all serving to destabilize legitimate governments and undermine security and stability of the greater global community. We see this global security context as a persistent condition for the foreseeable future.

The Marine Corps continues to create a multi-capable force for our Nation—not only for the current operations in Iraq and Afghanistan, but also for subsequent campaigns of the Long War. We are committed to ensuring we remain where our country needs us, when she needs us, and to prevail over whatever challenges we face.

On behalf of your Marines, I extend great appreciation for your support thus far and thank you in advance for your ongoing efforts to support our brave service men and women in harm's way. I promise you that the Corps understands the value of each dollar provided and will continue to provide maximum return for every dollar spent.

A handwritten signature in black ink, reading "James T. Conway". The signature is fluid and cursive, with the first name "James" and last name "Conway" clearly legible.

James T. Conway
General, U.S. Marine Corps
Commandant of the Marine Corps

I. Marines and Sailors in Combat are our Number One Priority

Marines in the operating forces have been pushed hard by the tempo and frequency of operational deployments; yet, their morale has never been higher—because they believe they are making a difference. Thanks to the Congress, your Marines know that the people of the United States and their Government are behind them. Your support has been exceptional—from the rapid fielding of life-saving equipment to the increase of Marine Corps end strength. With your continued support, your Marines will continue to make progress in their mission.

USMC Commitments in the Long War

Over the past year, your Marines deployed to all corners of the globe in support of our Nation. With more than 24,000 Marines deployed throughout the U.S. Central Command's Area of Responsibility, Operations IRAQI FREEDOM (OIF) and ENDURING FREEDOM (OEF) remain our largest commitment. The Marine Corps continues to support surge operations in Iraq in the form of two additional infantry battalions and the enabling forces that accompany them. As part of the Marine Air Ground Task Force in Iraq, these forces have proven extremely effective in the disruption of insurgent activities in the Al Anbar province.

As part of these forces, Marine Corps provides more than 250 personnel to OEF-Afghanistan. Approximately 100 of these Marines are members of a Marine Special Operations Company that routinely engages in combat operations with partnered Afghan and U.S. Special Forces units. The remaining Marine complement to Afghanistan forms the nucleus of seven Embedded Training Teams (ETTs); these detachments provide strong mentorship to Afghan National Army units in the continuing fight against the Taliban.

Taken as a whole, these recurring commitments of Marine forces in support of combat operations is indeed a stressing challenge on our forces and families. That said, the Marine Corps is fully cognizant of the regional and global effects of progress in Iraq, Afghanistan, and the Middle East. In fact, in answer to the most recent call to provide ready forces to serve our Nation, the Marine Corps is deploying a Marine Expeditionary Unit (MEU)-sized Marine Air Ground Task Force and an additional Battalion to conduct combat operations in Afghanistan. These 3,200 Marines are in addition to surge operations in Iraq and other force requirements worldwide.

The Marine Corps also deployed forces to participate in over sixty Theater Security Cooperation events, which ranged from small Mobile Training Teams in Central America to Marine Expeditionary Unit exercises in Africa, the Middle East, and the Pacific. The Marine Corps also took part in civil-military and humanitarian assistance operations such as New Horizons events in Nicaragua, land mine removal training in Azerbaijan, and disaster relief in Bangladesh after a devastating cyclone.

II. Right-size the Marine Corps for Today's Conflict and Tomorrow's Uncertainty

To meet the demands of the Long War, as well as the unforeseen crises that will inevitably arise, our Corps must be sufficiently manned, well trained, and properly equipped. Like the Cold War, the Long War is a long-term struggle that will not be measured by the number of near-term deployments or rotations; it is this long-term view that informs our priorities and plan for growth.

To fulfill our obligations to the Nation, the Marine Corps will grow its personnel end strength to 202,000 Active Component Marines. This increase will enable your Corps to train to the full spectrum of military operations and improve the ability of the Marine Corps to address future challenges of an uncertain environment. Our growth will enable us to recover our ability to respond in accordance with timelines outlined in Combatant Commander war plans—thereby, reducing operational risk.

Current wartime deployment rates dictate an almost singular focus to prepare units for their next rotation and counterinsurgency operations. This focus and the deployment rate of many units threaten to erode the skills needed for Marine Corps missions such as combined-arms maneuver, mountain warfare, and amphibious operations. Our deployment cycles must not only support training for irregular warfare, but also provide sufficient time for recovery and maintenance as well as training for other contingency missions. By increasing dwell time for our units, we can accomplish the more comprehensive training needed for the sophisticated skill sets that have enabled Marine Air Ground Task Forces to consistently achieve success in all types of operations.

Just as importantly, this growth will relieve strain on those superb Americans who have volunteered to fight the Nation's battles. We must ensure that our personnel policies, organizational construct, and training enable our Marines to operate at the "sustained rate of fire." This means that we must have sufficient dwell time, equipment for training, and resources for our Marines *and their families* to sustain their efforts over time. Our recently begun growth to 202,000 Marines will significantly enhance our ability to operate at the "sustained rate of fire."

Our goal, during the Long War, is to achieve a 1:2 deployment-to-dwell ratio for all of our active forces; for every seven months a Marine is deployed, he or she will be back at home station for fourteen months. Right now, many of our forces are at a 1:1 deployment-to-dwell ratio or less—which cannot be sustained in the long-term. We also aim to implement a 1:5 deployment to dwell ratio for our reserve forces and, eventually, achieve a peacetime deployment-to-dwell ratio goal is 1:3 for our active forces.

As we grow, we will develop all the elements of our Marine Air Ground Task Force in a balanced manner to meet the diverse challenges of an uncertain future. This growth includes:

- An increase in our end strength to 202,000 Marines;
- Adequate expansions of our infrastructure to provide for our Marines, their families, and their equipment; and
- The right mix of equipment for the current and future fight.

This additional end strength will result in three Marine Expeditionary Forces—balanced in capacity and capability. The development of Marine Corps force structure has been the result of a thorough and ongoing process that supports the Combatant Commanders and accomplishes our Title 10 responsibilities. The process addresses all pillars of combat development (Doctrine, Organization, Training, Materiel, Leadership and Education, Personnel, and Facilities) and identifies our required capabilities and the issues associated with fielding them. The most recent assessment revealed a requirement to front-load structure for recruiters and trainers to support our personnel growth and a phased introduction of units balanced across the Marine Air Ground Task Force.

In Fiscal Year 2007, we stood up two infantry battalions: 1st Battalion, 9th Marines and 2nd Battalion, 9th Marines. We also added capacity to our combat engineer battalions and air naval gunfire liaison companies. Our plan will gradually improve the deployment-to-dwell ratio of some of our other habitually high operational tempo units—such as military police, unmanned aerial vehicle, helicopter, air command and control, combat service support, and explosive ordnance disposal units.

Growing the Marine Corps as we simultaneously fight the Long War is a challenge, but we are committed to being the best stewards of the Nation's resources and working with the Congress to achieve these important goals.

Growing to 202K Marines

The Marine Corps surpassed its Fiscal Year 2007 authorized end strength goal of 184,000 and is on track to meet the goal of 189,000 Marines for Fiscal Year 2008 as well as our target end strength of 202,000 Marines by Fiscal Year 2011.

Recruiting. A vital factor in sustaining our force and meeting end strength goals is continuing to recruit qualified young men and women with the right character, commitment, and drive to become Marines. With over 70 percent of our end strength increase comprised of Marines on their first enlistment, our recruiting efforts are a critical part of our overall growth.

While exceeding Department of Defense quality standards, we continue to recruit the best of America into our ranks. In Fiscal Year 2007, the Marine Corps achieved over 100 percent of the Active Component accession goal necessary to grow the force as well as 100 percent of our reserve recruiting goals. We reached this goal without compromising the high quality standards the American people expect of their Marines.

We forecast that both active and reserve recruiting will remain challenging in Fiscal Year 2008, particularly given the increased accession missions needed to meet our end strength growth. We will need the continued indispensable support of Congress to sustain our existing programs and other incentives essential to achieving our recruiting mission.

Retention. Retention is the other important part of building and sustaining the Marine Corps. As a strong indicator of our force's morale, the Marine Corps has achieved unprecedented numbers of reenlistments in both the First Term and Career Force. The expanded reenlistment goal, in which we sought to reenlist over 3,700 additional Marines, resulted in the reenlistment of 31% of our eligible First Term force and 70% of our eligible Career Force—compared to the 22% first term and 65% career force reenlistments in Fiscal Year 2006. This achievement was key to reaching the first milestone in our end strength increase – 184,000 Marines by the end of Fiscal Year 2007—without sacrificing our high quality standards. In fact, a recent Center for Naval Analyses study concluded that the quality of our First Term force who reenlist has improved steadily since Fiscal Year 2000.

For Fiscal Year 2008, our retention goals are even more aggressive, but we fully expect to meet them. Our continuing success will be largely attributable to several important enduring themes. First, Marines are motivated to “stay Marine” because they are doing what they signed up to do—fighting for and protecting our Nation. Second, they understand our culture is one that rewards proven performance; our Selective Reenlistment Bonuses are designed to retain top quality Marines with the most relevant skill sets.

There is no doubt that your Marines' leadership and technical skills have rendered them extremely marketable to lucrative civilian employment opportunities. To retain the most qualified Marines, we must maintain Selective Reenlistment Bonus (SRB) funding. In Fiscal Year 2007, the Marine Corps spent approximately \$460M in SRB and Assignment Incentive Pay (AIP) to help achieve our end strength goal. With a reenlistment mission of 17,631 in Fiscal Year 2008—compared to an historical average of 12,000—the Marine Corps expects to spend approximately \$500M in reenlistment incentives during Fiscal Year 2008.

This aggressive SRB plan will allow us to retain the right grade and skill sets for our growing force—particularly among key military occupational specialties. The continued support of the Congress will ensure we have the necessary combat-trained Marines for the Long War and other contingency operations.

Reserve Component End Strength. Our fights thus far in Iraq and Afghanistan have been a Total Force effort—our Reserve forces continue to perform with grit and determination. Our goal is to obtain a 1:5 deployment-to-dwell ratio within our Reserve Component. As our active force increases in size, our reliance on our Reserve forces should decrease—helping us achieve the desired deployment-to-dwell ratio. We believe our current authorized end strength of 39,600 Selected Marine Corps Reserves is appropriate. As with every organization within the Marine Corps, we continue to review

the make-up and structure of our Reserve in order to ensure the right capabilities reside within the Marine Forces Reserve units and our Individual Mobilization Augmentee program.

Military-to-Civilian Conversions. Military-to-civilian conversions replace Marines in non-military-specific billets with qualified civilians, enabling the Corps to return those Marines to the operating forces. Since 2004, the Marine Corps has returned 3,096 Marines to the operating force through military-to-civilian conversions. We will continue to pursue sensible conversions as this will aid in our deployment-to-dwell ratio goals for the force.

Growing to 202K: Infrastructure

Military Construction is one of our keys to success in increasing the Marine Corps to 202,000 Marines by 2011. We have determined the optimal permanent locations for these new units and have generated estimates for the types and sizes of facilities needed to support these forces. Because our end strength will increase before final construction is complete, we are providing interim support facilities that will include lease, rental, and purchase of temporary facilities. Our plan will ensure adequate facilities are available to support the phase-in and Final Operating Capability of a 202,000 Marine Corps while meeting our environmental stewardship responsibilities.

Military Construction – Bachelor Enlisted Quarters Initiative. Housing for our single Marines continues to be our top military construction focus. Barracks are a significant quality of life element in taking care of our single Marines. We have put ourselves *in extremis* with regards to new barracks as we have degraded their priority for decades in lieu of operational requirements. We are now committed to providing adequate billeting for all of our existing unmarried junior enlisted Marines and non-commissioned officers by 2012—and for our increased end strength by 2014. To do that, we doubled the amount of our bachelor housing funding request from Fiscal Year 2007 to 2008; we will more than triple the 2008 amount in Fiscal Year 2009. We are also committed to funding replacement of barracks' furnishings on a seven-year cycle and prioritizing barracks repair projects to preempt a backlog of repairs.

Public Private Venture (PPV) Housing. Our efforts to improve housing for Marines and their families continue. The housing privatization authorities are integral to our efforts to accommodate both current housing requirements and those resulting from our planned force increases. Thanks to Congressional support, the Marine Corps had business agreements in place at the end of Fiscal Year 2007 to eliminate all of our inadequate family housing. However, we need to continue our PPV efforts to address the current insufficient number of adequate housing units as well as the deficit being created by the increase in end strength to 202,000 Marines.

Training Capacity. Marine Corps Training & Education Command is increasing its training capacity and reinvigorating our pre-deployment training program to provide support to all elements of the Marine Air Ground Task Force (MAGTF) across the full spectrum of potential missions. In accordance with the Secretary of Defense's Security Cooperation guidance, we are developing and coordinating training and education

programs to build the capacity of allied and partner nations. We are also developing the capability to conduct large-scale MAGTF exercises within a joint, coalition, and interagency context to maintain proficiency in core warfighting functions such as combined arms maneuver, amphibious operations, and maritime prepositioning operations. Finally, we are ensuring our training and education programs and training ranges accommodate the 27,000 Marine Corps end strength increase.

Growing to 202K: Equipment

Our assessment of the materiel requirements for our growth has been significantly enhanced through cooperation between the Marine Corps and industry partners. Through this effort, the units we created in Fiscal Year 2007 were provided the equipment necessary to enter their pre-deployment training cycle. By prioritizing Marines in combat and redistribution of some of our strategic stocks, these new units were able to meet training and deployment requirements for combat. With the Congress' continued support, the numerous equipment contracts required to support our growth were met during Fiscal Year 2007 and will be met through Fiscal Year 2008 and beyond.

III. Resetting the Force and Preparing for the Next Contingency

To meet the demands of this war, we must reset the force so that we can simultaneously fight, train, and sustain our Corps. The Long War is taking a considerable toll on our equipment, and we continue to make tough choices on how best to apply the resources we are provided—either to replace our rapidly aging equipment with similar platforms or to modernize with next generation equipment. Additionally, we have routinely drawn additional equipment from strategic stocks, which need to be replenished in order for us to remain responsive to emerging threats. The Congress has responded rapidly and generously to our requests for equipment and increased protection for our Marines and Sailors. We are committed to fulfilling our responsibility to manage these resources prudently as we modernize our force.

Costs of Resetting the Force

Reset funds replenish the equipment necessary to keep the Marine Corps responsive to emerging threats. Costs categorized as “reset” meet one of the following criteria: maintenance and supply activities to restore and enhance combat capability to unit and pre-positioned equipment; replace or repair equipment destroyed, damaged, stressed, or worn out beyond economic repair; and enhance capabilities, where applicable, with the most up-to-date technology.

Our current reset estimate is \$15.6 billion. To date, Congress has appropriated a total of \$10.9 billion for Marine Corps GWOT reset costs. As the nature of the Long War evolves, “reset the force” cost estimates evolve as well. We not only need to “Reset” the force to support current readiness, but we also need to “Reconstitute and Revitalize” the force in preparation for future challenges. We are coordinating with other Services and the Joint Staff to refine estimates, and we are aggressively executing funding to ensure the Marines in the fight have the proper equipment in a timely manner.

Equipment Readiness

While the vast majority of our equipment has passed the test of sustained combat operations, it has been subjected to more than a lifetime’s worth of wear stemming from increased vehicle mileage and operating hours as well as harsh environmental conditions—resulting in an escalated maintenance effort. This maintenance requirement is a consequence of not only operational tempo and operating environments, but also the sheer amount of equipment employed in operations. Approximately 26% of all Marine Corps ground equipment is currently engaged overseas. Most of this equipment is not rotating out of theater at the conclusion of each force rotation; it remains in combat, used on a near-continuous basis at a pace that far exceeds normal peacetime usage.

For example, in Operation IRAQI FREEDOM, crews are driving Light Armored Vehicles in excess of 8,700 miles per year—3.5 times more than the programmed annual usage rates of 2,480 miles per year. Our tactical vehicle fleet is experiencing some of the most dramatic effects of excessive wear, operating at five to six times the programmed rates. Many weapon systems have been modified during this conflict; some of these modifications have led to further wear and tear due to additional weight—for example, armor plating has been added for protection against improvised explosive devices. These factors, coupled with the operational requirement to keep equipment in theater without significant depot repair, has tremendously decreased the projected lifespan of this equipment. As a result, we can expect higher than anticipated reset costs and more replacements than repair of equipment. The depot level maintenance requirements for the equipment that is repairable will continue beyond the conclusion of hostilities in Iraq and Afghanistan.

Our priority for equipment is to support Marines serving in harm's way. Therefore, we have drawn additional equipment from the Maritime Prepositioning Ships and prepositioned stores in Norway; we have also retained equipment in theater from units that are rotating back to the United States. The operational results of these efforts have been outstanding—the average mission capable rates of our deployed forces' ground equipment remain above 90%—but there is a price.

The cost of this success is a decrease in non-deployed unit readiness as well as an increase in the maintenance required per hour of operating time. Equipment across the Marine Corps is continuously cross-leveled to ensure that units preparing to deploy have sufficient equipment to conduct our rigorous pre-deployment training programs. Because the stateside priority of equipment distribution and readiness is to units preparing to deploy, there has been a trade-off in unit training for other types of contingencies. The timely delivery of replacement equipment is crucial to sustaining the high readiness rates for the Marines in theater, as well as improving the rates for the forces here at home. While additional equipment has been purchased, long lead times and production rates mean that, although funded, much of this equipment is still many months from delivery.

Aviation Equipment & Readiness

The operationally demanding and harsh environments of Iraq, Afghanistan, and the Horn of Africa have highlighted the limitations of our aging fleet of aircraft. In order to support our Marines, sister Services, and coalition partners successfully, our aircraft have been flying at two to three times their designed utilization rates.

Despite this unprecedented use, our maintenance and support personnel have sustained a 79% aviation mission-capable rate for deployed Marine aircraft over the past twelve months. Maintaining the readiness of our aviation assets while preparing our aircrew for their next deployment is and will continue to be an enormous effort and constant challenge for our Marines. To maintain sufficient numbers of aircraft in deployed squadrons, our non-deployed squadrons have taken significant cuts in available aircraft and parts as they prepare for deployment—resulting in a 30% decrease in the number of non-deployed units reporting “deployment capable” over the

last five years. Reset funding has partially alleviated this strain, but continued funding is needed as we are simply running short of aircraft on our flight lines due to age, attrition, and wartime losses.

Reset programs have helped us mitigate degradation of our aircraft materiel readiness through aircraft modifications, proactive inspections, and additional maintenance actions. These efforts have successfully bolstered aircraft reliability, sustainability, and survivability; nevertheless, additional requirements for depot level maintenance on airframes, engines, weapons, and support equipment will continue well beyond the conclusion of hostilities.

Prepositioning Programs

Comprised of three Maritime Prepositioning Ships Squadrons (MPSRON) and other strategic reserves, the Marine Corps' prepositioning programs are a critical part of our ability to respond to current and future contingency operations and mitigate risk for the Nation. Targeted withdrawal of equipment from our strategic stocks has been a key element in supporting combat operations, growth of the Marine Corps, and other operational priorities; these withdrawals provided necessary equipment from the existing inventory while industry catches up to our new requirements in the long-term. Generous support from the Congress has enabled the long-term solution, and as a result, shortfalls within our strategic programs will be reset as equipment becomes available from the manufacturer.

Maritime Prepositioning Ships Squadrons (MPSRON). Our MPSRONS will be reset with the most capable equipment possible, and we have begun loading them with capabilities that support lower spectrum operations while still maintaining the ability to generate Marine Expeditionary Brigades capable of conducting major combat operations. Since 2007's report, all three squadrons have completed the Maritime Prepositioning Force (MPF) Maintenance Cycle eight (MMC-8). MPSRONS 1 and 3 were reconstituted to 91% and 100% respectively. The near-term reduction of MPSRON-1 was required to outfit new units standing up in Fiscal Year 2007 and Fiscal Year 2008 as part of our end strength increase. MPSRON-1 will complete MPF Maintenance Cycle-nine (MMC-9) in June 2008, and we anticipate it will be loaded with roughly 80% of its full equipment set as a result of our requirement to support end strength increase to 202,000 Marines. MPSRON-2 was loaded to 54% of its equipment requirements; much of MPSRON-2's equipment remains committed to Operation IRAQI FREEDOM. With projected deliveries from industry, our intent is to fully reset and modernize MPSRON-2 and MPSRON-3 when they return for maintenance beginning in May 2008 and April 2009 respectively.

We are actively working with the Navy and Transportation Command to incorporate newer, more flexible ship platforms from the existing Military Sealift Command fleet into our aging legacy Maritime Prepositioning Force program. As we reset MPF, these changes are necessary to ensure we incorporate hard fought lessons from recent combat operations. Two decades of equipment growth and recent armor initiatives have strained the capability and capacity of our present fleet—that was designed to lift a Naval Force developed in the early 1980s.

We plan to incorporate three of Military Sealift Command's nineteen large, medium-speed, roll-on/roll-off ships (LMSR) as replacements for five of our older leased platforms. The LMSR significantly expands MPF flexibility and will allow us to reset and optimize MPF to meet current and emerging requirements.

Marine Corps Prepositioning Program- Norway. The Marine Corps Prepositioning Program – Norway (MCPN) was also used in support of current operations, growth of the Marine Corps, and resetting other Marine Corps shortfalls with a higher operational priority. The Marine Corps continues to reset MCPN in concert with our operational priorities while also exploring other locations for geographic prepositioning that will enable combat and theater security cooperation operations for forward deployed Naval Forces.

Depot Maintenance

The Marine Corps has aggressively worked to stabilize the conditions that affect our depot maintenance. These conditions include: the uncertainty of the timing of reset, asset availability, timing of funding, equipment condition, and evolving skill requirements. One area we focus on is the in-theater identification of equipment and scope of work to be performed; this effort enables better planning for parts, manpower resources, funding requirements, and depot capacity. Triage assessments made in theater and relayed back to the sources of repair have helped to ensure efficient repair preparation time. These efforts reduce the repair cycle time, returning the mission capable equipment to the warfighter as soon as possible—improving materiel readiness.

Depot capacity is elastic; productivity is not constrained by money or capacity; the limiting factor is asset (carcass) availability. We increase capacity to support surge requirements through a variety of means—overtime, additional shifts, and additional personnel. Performing work on over 260 product lines, our depot workforce currently has multiple trade skills ranging from laborers to engineers. Much of the equipment in theater today includes items not previously repaired by any depot facility—organic or non-organic. As a result, the existing work force may require additional training. New personnel and continued supplementation through contractor support may also be required. We continue to leverage state and local institutions, such as the technical colleges and universities, which can provide valuable assistance in training our workforce in skills such as welding, environmental science, and engineering.

Future challenges to meeting the increasing workload requirements include leveraging depot capacity, lessening the impact on our labor force, and ensuring parts are available. Continuing to partner with other Services and industry, we will enhance execution of reset using organic and non-organic sources of repair. We will continue to work with the Congress to anticipate the evolving depot maintenance funding requirements.

Equipment Retrograde Operations from Central Command Area of Operations

During 2006, in a continued effort to support the Commander, United States Marine Forces, Central Command, Marine Corps Logistics Command took the lead as the Service Executive Agent for the retrograde of equipment in theater determined to be excess. In addition to receiving, preparing, and shipping excess equipment within theater, Marine Corps Logistics Command (Forward) coordinates strategic lift requirements and manages the redistribution of principle end items in accordance with the Commandant of the Marine Corps' sourcing priorities. Since June 2006, over 15,731 principle end items have been processed at the retrograde lot in Al Taqaddum and approximately 11,799 items have been shipped back to Blount Island Command for disposition. Once disposition is received, assets are sent to Marine Corps Logistics Command for induction into the Master Work schedule, placed In-Stores, used to fill requisitions, or sent to the Defense Reutilization Marketing Office if deemed uneconomical to repair. The repair and return of items to In-Stores will enable us to better address the many demands for equipment. This, in turn, will keep us moving forward towards our goal of continued readiness improvement.

Operation IRAQI FREEDOM has led to a conceptual change in the way we provide operational-level logistics to the warfighter. Due to changing operational and mission requirements, Marine Corps Logistics Command is implementing capabilities extending beyond traditional boundaries, creating a more mobile and agile organization. The Marine Corps Logistics Command (Forward) was established to satisfy operational logistics requirements using competitive, comprehensive, and integrated solutions obtained from "the best" strategic Department of Defense and commercial providers. While continuing to execute its strategic-level responsibilities, Marine Corps Logistics Command has transformed from a garrison-centric organization to one capable of deploying operational-level logistics solutions to augment the sustainment requirements of Marine Forces in combat.

IV. Modernize for Tomorrow to be “the most ready when the Nation is least ready”

We know we have tough choices ahead of us to meet equipment demands across the Corps. As we reset, we are making prudent assessments on when it is more effective to replace aging and worn out equipment with similar equipment or to buy new equipment. We remain focused and steadfast on our responsibility to be the Nation’s premiere expeditionary Force-in-Readiness.

Experimentation

Our Marine Corps Warfighting Laboratory conducts experiments to support operating force requirements and combat development. We continually seek to improve the capabilities of the operating forces by focusing on the needs of our lower-level ground combat and ground combat support units engaged in current and potential near-term contingencies. Some examples of current projects include:

“Combat Hunter,” a project aimed at enhancing observation and hunting skills of individual Marines operating in a combat environment;

- Company Level Intelligence Cell experiment, designed to provide us with a “best practices” model and to standardize infantry battalion intelligence processes;
- Squad Fires experiment, enhancing close air support to squad-level units;
- Combat Conditioning project, examining advances in physical fitness training to best prepare Marines for the demands of combat; and
- Lighten the Load initiative, an effort to decrease the amount of weight carried by Marines in the field.

Enhancing Individual Survivability

The Marine Corps continues to pursue technological advancements in personal protective equipment—our Marines in combat deserve nothing less. Fully recognizing the limiting factors associated with weight, fatigue, and movement restriction, we are providing Marines the latest in personal protective equipment—such as the Modular Tactical Vest, QuadGard, Lightweight Helmet, and Flame Resistant Organizational Gear.

Body Armor. Combat operations in Iraq and Afghanistan have highlighted the need to evolve our personal protective vest system. In February 2007, we began transitioning to a newly-designed Modular Tactical Vest (MTV). This vest is close to the same weight as its predecessor, the Outer Tactical Vest, but it integrates more easily with our other personal protection systems. It provides greater comfort through incorporation of state-of-the-art load carriage techniques, which better distributes a combat load over the

torso and onto the hips of the Marine. The MTV also incorporates our combat-proven Enhanced Small Arms Protective Inserts (E-SAPI) and Side SAPI plates. These plates are provided to every Marine in the Central Command theater of operations. The E-SAPI provides the best protection available against a wide variety of small arms threats—to include protection against 7.62mm ammunition. The initial acquisition objective for the MTV was 60,000 systems, with deliveries completed in October 2007. We are procuring additional MTVs during this Fiscal Year to ensure our Marines continue to deploy with the best body armor system available.

QuadGard. The QuadGard system is designed to provide ballistic protection for a Marine's arms and legs when serving as a turret gunner on convoy duty. This system, which integrates with other personal ballistic protection equipment, such as the MTV E-SAPI and Lightweight Helmet, provides additional protection against ballistic threats—particularly improvised explosive device fragmentation.

Lightweight Helmet. We are committed to providing the best head protection available to our warfighters. The Lightweight Helmet (LWH) weighs less than its predecessor and provides a high level of protection against fragmentation threats and 9mm bullets. We now require use of a pad system inside the helmet as multiple independent studies and tests demonstrated that it provides greater protection against non-ballistic blunt trauma than the sling suspension system. We are retrofitting more than 150,000 helmets with the pad system and have already fielded enough helmet pads for every deployed Marine. Since January 2007, all LWHs produced by the manufacturer are delivered with the approved pad system installed. In October 2007, we began fielding the Nape Protection Pad (NAPP), which provides additional ballistic protection to the occipital region of the head—where critical nervous system components, such as the cerebellum, brain stem, occipital lobe, and spinal cord are located. The NAPP is attached to the back of the LWH or the Modular Integrated Communications Helmet (MICH), which is worn by our reconnaissance Marines. Final delivery of the initial 69,300 NAPPs is scheduled for April 2008. That said, we continue to challenge industry to build a lightweight helmet that will stop the 7.62 mm round fired from an AK-47.

Flame Resistant Organizational Gear (FROG). In February 2007, we began fielding FROG to all deployed and deploying Marines. This lifesaving ensemble of flame resistant clothing items—gloves, balaclava, long-sleeved under shirt, combat shirt, and combat trouser—is designed to mitigate potential injuries to our Marines from flame exposure. These clothing items provide protection that is comparable to that of the NOMEX combat vehicle crewman suit/flight suit, while adding durability, comfort, and functionality. We have recently begun fielding flame resistant fleece pullovers to our Marines for use in cooler conditions, and we are developing flame resistant varieties of cool/cold weather outer garments and expect to begin fielding these to Marines in late Fiscal Year 2008. With the mix of body armor, undergarments, and outerwear, operational commanders can determine what equipment their Marines will employ based on mission requirements and environmental conditions. Through ongoing development and partnerships with other Services, we continue to seek the best available flame resistant protection for our Marines.

Sustained funding for the development and procurement of individual protective equipment has had a direct impact on our ability to reduce or mitigate combat injuries. Continued Congressional support is needed to ensure that our Marines and Sailors receive the best equipment available in the coming years.

Counter Improvised Explosive Devices (CIED). Responding to urgent warfighter needs, we are providing the most capable force protection systems available. We are upgrading our Counter Remote-controlled IED Electronic Warfare Chameleon systems to meet rapidly evolving threats while remaining engaged with the Joint Program Board to develop a joint solution. We are enhancing our ability to combat the effects of weapons of mass destruction as well as protecting our Marines worldwide by fielding eighteen consequence management sets using the best available commercial off-the-shelf technologies. These sets complement the capabilities of our Family of Incident Response Systems and the Chemical Biological Incident Response Force. Our Family of Explosive Ordnance Disposal Equipment has undergone significant modernization through enhancement of technician tool kits and greater counter IED robotics capability and availability.

Marine Aviation Plan

Resetting Marine Aviation means getting more capable and reliable aircraft into the operational deployment cycle sooner—not merely repairing and replacing damaged or destroyed aircraft. Daily, your Marines rely on these aircraft to execute a wide array of missions including casualty evacuation for our wounded and timely close air support for troops in contact with the enemy. Legacy aircraft production lines are no longer active—exacerbating the impact of combat losses and increasing the urgency for the Marine Aviation Plan to remain fully funded and on schedule.

The 2007 Marine Aviation Plan (AvPlan) provides the way ahead for Marine Aviation over the next 10 years as it transitions 39 of 71 squadrons from 13 legacy aircraft to 6 new aircraft; it incorporates individual program changes and synchronizes support of our end strength growth to 202,000 Marines.

Joint Strike Fighter (JSF). F-35B Lightning II development is on track with the first flight of BF-1 Short Take-Off / Vertical Landing (STOVL) variant scheduled for 2008. The F-35B STOVL variant is a fifth generation aircraft that will provide a quantum leap in capability, basing flexibility, and mission execution across the full spectrum of warfare. The JSF will act as an integrated combat system in support of ground forces and will be the centerpiece of Marine Aviation. The manufacture of the first nineteen test aircraft is well underway, with assembly times better than planned and exceptional quality demonstrated in fabrication and assembly. The first Conventional Take-Off / Landing (CTOL) aircraft flew in December of 2006 and accumulated nineteen flights prior to a planned technical refresh. The JSF acquisition strategy, including software development, reflects a block approach. The Marine Corps remains committed to an all-STOVL tactical aircraft force—which will enable future Marine Air Ground Task Forces (MAGTFs) to best fulfill its expeditionary warfighting responsibilities in support of the Nation and Combatant Commanders.

MV-22 Osprey. The MV-22 brings revolutionary assault support capability to our forces in harm's way; they deserve the best assault support aircraft in the world—without question, the MV-22 is that aircraft. The MV-22 is replacing the CH-46E aircraft. The CH-46E is over forty years old, with limited lift and mission capabilities to support the MAGTF. In September 2005, the V-22 Defense Acquisition Board approved Full Rate Production. Twenty-nine Block A and twenty-four Block B aircraft have been delivered and are based at Marine Corps Air Station New River, North Carolina; Patuxent River, Maryland; and Al Asad Air Base, Iraq.

Much like the F-35, the MV-22 program uses a block strategy in its procurement. Block A aircraft are training aircraft, Block B are operational aircraft, and Block C aircraft are operational aircraft with mission enhancements that will be procured in Fiscal Year 2010 and delivered in Fiscal Year 2012. One V-22 Fleet Replacement Training Squadron, one test squadron, and three tactical VMM squadrons have stood up. MV-22 Initial Operational Capability was declared on 1 June 2007 with a planned transition of two CH-46E squadrons per year thereafter.

VMM-263 is deployed to Al Asad Air Base, Iraq, and the significant capabilities of the Osprey have already been proven in combat. A brief examination of the daily tasking of the MV-22 squadron in Iraq tells a compelling story: a flight of MV-22s are doing in six hours what would have taken twelve hours in CH-46s. In addition, the aircraft easily ranges the entire area of operations and flies a majority of the time at altitudes beyond the range of our enemy's weapons. The Marine Corps asked for an aircraft that could take us farther, faster, and safer; and Congress answered.

KC-130J. KC-130Js have been continuously deployed in support of Operation IRAQI FREEDOM since February 2005—providing state-of-the-art, multi-mission, tactical aerial refueling, and fixed-wing assault support. The KC-130J is the workhorse of the MAGTF; its theater logistical support reduces the requirement for resupply via ground, limiting the exposure of our convoys to IEDs and other attacks.

The introduction of the aerial refuelable MV-22 combined with the forced retirement of the legacy KC-130F/R aircraft due to corrosion, fatigue life, and parts obsolescence requires an accelerated procurement of the KC-130J. In addition, the Marine Corps will replace its twenty-eight reserve component KC-130T aircraft with KC-130Js, simplifying the force to one Type/Model/Series. The Marine Corps is contracted to procure a total of forty-six aircraft by the end of Fiscal Year 2013; twenty-nine new aircraft have been delivered and four KC-130J aircraft requested in the Fiscal Year 2008 budget.

H-1 Upgrade. The H-1 Upgrade Program (UH-1Y/AH-1Z) resolves existing operational UH-1N power margin and AH-1W aircrew workload issues—while significantly enhancing the tactical capability, operational effectiveness, and sustainability of our attack and utility helicopter fleet. The Corps' Vietnam-era UH-1N Hueys are reaching the end of their useful life. Due to airframe and engine fatigue, Hueys routinely take off at their maximum gross weight with no margin for error. Rapidly fielding the UH-1Y remains a Marine Corps aviation priority, with the first deployment of UH-1Ys to Operation IRAQI FREEDOM scheduled for the spring of 2009.

Due to significant operational demands and aircraft attrition in the existing attack and utility helicopter fleet, the Marine Corps adopted a "build new" strategy for the UH-1Y in Fiscal Year 2006. Similarly, the Marine Corps began investing in Non-Recurring Engineering (NRE) in Fiscal Year 2007 for the production of a limited number of AH-1Z "build new" aircraft; these AH-1Zs will augment those existing AH-1Ws that will be remanufactured. This combined "build new" and remanufacture strategy will enable the Marine Corps to rapidly increase the number of AH-1s available, support the Marine Corps' growth to 202K Marines, and alleviate inventory shortfalls caused by aircraft attrition. Ten production aircraft have been delivered. Operation and Evaluation (OPEVAL) Phase II commenced in February 2008, and as expected, showcased the strengths of the upgraded aircraft. Full rate production of the H-1 Upgrade (and the contract award of Lot 5 aircraft) is scheduled to take place during the fourth quarter Fiscal Year 2008.

CH-53K. In operation since 1981, the CH-53E is becoming increasingly expensive to operate and faces reliability and obsolescence issues. Its replacement, the CH-53K, will be capable of externally transporting 27,000 lbs to a range of 110 nautical miles, more than doubling the current CH-53E lift capability. Maintainability and reliability enhancements of the CH-53K will significantly decrease recurring operating costs and will radically improve aircraft efficiency and operational effectiveness over the current CH-53E. The program passed Milestone B (System Development & Demonstration [SDD] initiation) in December 2005. The SDD Contract was awarded to Sikorsky Aircraft Corporation in April 2006. Initial Operational Capability (IOC) is scheduled for Fiscal Year 2015, and is defined as a detachment of four aircraft, ready to deploy.

Unmanned Aerial Systems (UAS)

The Marine Corps is taking aggressive action to modernize and improve organic UAS capabilities. The Marine Corps' UAS are organized into three echelons, appropriate to the level of commander they support. Tier III UAS serve at the Marine Expeditionary Force (MEF) level. Tier II UAS support Regimental Combat Team and Marine Expeditionary Unit operations, and Tier I UAS support battalion and below operations. At the Tier III level, we have simultaneously transitioned Unmanned Aerial Vehicle Squadrons (VMU) to the RQ-7B Shadow; started reorganizing the squadrons' force structure to support detachment-based flexibility (operating three systems versus one for each squadron); and initiated the stand up of a third active component VMU squadron.

With the significant support of the Army, the Marine Corps has completed the transition to the RQ-7B Shadow in less than nine months. The transition to the Shadow provides a mature and modern—yet basic and readily available—Tier III platform upon which to baseline Marine VMU reorganization. A detachment-based concept of operations for the VMU will give Marine Expeditionary Force commanders flexibility to task-organize based on mission requirements. The addition of a third VMU squadron is critical to sustaining current operations by decreasing our current operational deployment-to-dwell ratio—currently at 1:1—to a sustainable 1:2 ratio. This rapid transition and reorganization, begun in January 2007, will be complete by the fourth quarter Fiscal

Year 2009, significantly improving organic Marine Corps UAS capability while increasing joint interoperability and commonality.

The Marine Corps is using an ISR Services contract to provide Scan Eagle systems to Multi-National Forces-West, Iraq to fill the Tier II void until future fielding of the Tier II/ Small Tactical UAS (STUAS), a combined Marine Corps and Navy program beginning in Fiscal Year 2008 with planned fielding in 2011. At the Tier I level, the Marine Corps is transitioning from the Dragon Eye to the joint Raven-B program, also common with the US Army.

When fully fielded, the Corps' Unmanned Aerial Systems will be networked through a robust and interoperable command and control system that provides commanders an enhanced capability applicable across the spectrum of military operations.

Ground Mobility

The Army and Marine Corps are leading the Services in developing tactical wheeled vehicle requirements for the joint force. Our efforts will provide the joint force an appropriate balance of survivability, mobility, payload, networking, transportability, and sustainability. The Army/Marine Corps Board has proven a valuable forum for coordination of development and fielding strategies; production of armoring kits and up-armored HMMWVs; and response to requests for Mine Resistant Ambush Protected vehicles. The Ground Mobility Suite includes:

Expeditionary Fighting Vehicle (EFV). The Marine Corps provides the Nation's joint forces with a unique and flexible forcible entry capability from the sea. The EFV is specifically suited to maneuver operations conducted from the sea and sustained operations in the world's littoral regions. Its inherent capabilities provide utility across the spectrum of conflict. As the Corps' largest ground combat system acquisition program, the EFV is the sole sea-based, surface-oriented vehicle that enables projection of combat power from a seabase to an objective. It will replace the aging Assault Amphibious Vehicle—in service since 1972. Complementary to our modernized fleet of tactical vehicles, the EFV's amphibious mobility, day and night lethality, enhanced force protection capabilities, and robust communications will substantially improve joint force capabilities. Its over-the-horizon capability will enable amphibious ships to increase their standoff distance from the shore—protecting them from enemy anti-access weapons.

The Marine Corps recently conducted a demanding operational assessment of the EFV. It successfully demonstrated the most critical performance requirements, but the design complexities are still providing challenges to system reliability. To that end, we conducted a comprehensive requirements review to ensure delivery of the required capability while reducing complexity where possible. For example, the human stresses encountered during operations in some high sea states required us to reevaluate the operational necessity of exposing Marines to those conditions. Based upon this assessment, along with subsequent engineering design review, we will tailor final requirements and system design to support forcible entry concepts while ensuring the EFV is a safe, reliable, and effective combat vehicle.

Joint Light Tactical Vehicle (JLTV). The Army/Marine Corps Board has been the focal point for development of joint requirements for a Joint Light Tactical Vehicle—which will provide protected, sustained, networked, and expeditionary mobility in the light tactical vehicle weight class. Throughout 2007, Army and Marine Corps combat and materiel developers coordinated with the Joint Staff, defining requirements and acquisition planning for the replacement for the up-armored HMMWV. In December, the Defense Acquisition Board approved JLTV entry into the acquisition process at Milestone A, designating the Army as lead Service and initiating competitive prototyping during the technology development phase. Prototypes will be evaluated to demonstrate industry's ability to balance survivability, mobility, payload, network enabling, transportability, and sustainability. The program is on track for a Milestone B in early 2010.

Marine Personnel Carrier (MPC). The MPC is an expeditionary armored personnel carrier—ideal for irregular warfare—yet effective across the full range of military operations. Increasing armor-protected mobility for infantry battalion task forces, the MPC program balances vehicle performance, protection, and payload attributes. Through 2007, we completed both joint staffing of an Initial Capabilities Document and, a draft concept of employment. Additionally, the Analysis of Alternatives final report was published in December 2007. The program is on track for a Milestone B decision in the second quarter of Fiscal Year 2010 and an Initial Operational Capability in the 2015 timeframe.

Internally Transported Vehicle (ITV). The ITV is a family of vehicles that will provide deployed Marine Air Ground Task Forces with ground vehicles that are transportable inside the MV-22 and CV-22 tilt-rotor aircraft, as well as CH-53 and MH-47 aircraft. There are three variants of the ITV, the Light Strike, the Prime Mover-Weapon, and the Prime Mover-Trailer. Both prime mover variants are components of the Expeditionary Fire Support System designed to support the M327 120mm mortar. In conjunction with testing of our Expeditionary Fire Support System, we conducted an operational assessment of the ITV Light Strike variant during which it met all key performance parameters. We expect to begin fielding this variant the Light Strike Variant of the ITV in June 2008.

Vehicle Armoring

Our goal is to provide the best level of available protection to 100% of in-theater vehicles that go “outside the wire.” Our tactical wheeled vehicle strategy pursues this goal through the coordination of product improvement, technology insertion, and new procurement in partnership with industry. The Marine Corps, working with the other Services, is fielding armored vehicles such as: the Mine Resistant Ambush Protected Vehicle (MRAP), the Medium Tactical Vehicle Replacement Armor System, the Logistics Vehicle System (LVS) Marine Armor Kit, and the Up-armored HMMWV.

Medium Tactical Vehicle Replacement (MTVR) Armor System (MAS). MAS provides an integrated, armor enclosed, climate-controlled cab compartment and an armored troop carrier for our MTVR variants. These vehicles are also being upgraded with an improved blast protection package consisting of blast attenuating seats, five-point restraint harnesses, and improved belly and fender-well blast deflectors. Basic MAS has been installed in all of the Marine Corps' MTVRs in the Central Command's theater of

operation. Additionally, we are installing blast upgrade, fuel tank fire protection kits, and 300 AMP alternators; target completion for in-theater vehicles is Fourth Quarter Fiscal Year 2008.

Logistics Vehicle System (LVS) Marine Armor Kit (MAK) II. The LVS MAK II provides blast, improvised explosive device, and small arms protection. It has a completely redesigned cab assembly that consists of a new frame with armor attachment points and integrated 360-degree protection. The new cab will also have an air conditioning system that cools from 134 degrees Fahrenheit to 89 degrees Fahrenheit in twenty minutes. Additional protection includes overhead and underbody armor using high, hard steel, rolled homogenous armor, and 2.75" ballistic windows. The suspension system has been upgraded to accommodate the extra weight of the vehicle. We estimate the LVS MAK II armoring effort will complete fielding by February 2009.

M1114 Highly-Mobile Multi-Wheeled Vehicle (HMMWV)-Upgrade—Fragmentation Kit 2 and Kit 5. Fragmentation Kit 2 enhances ballistic protection in the front driver and assistant driver wheel-well of HMMWVs. Fragmentation Kit 5 reduces injuries from improvised explosive devices as well as armor debris and fragmentation. Installation of both fragmentation kits was completed in Fiscal Year 2007. We are continuing to evaluate the U.S. Army's objective kit development and work with the Army and Office of Naval Research to assess new protection-level capabilities and share information. The Marine Corps has adopted a strategy of a 60% fully up-armored HMMWV fleet. All new Expanded Capacity Vehicles will have the Integrated Armor Package. Of those, 60% will be fully up-armored to include the appropriate "B" kit and Fragmentation kits during production. The Marine Corps will continue to work with the Army to pursue the development of true bolt-on/bolt-off "B" kits and fragmentation kits to apply as needed to post-production vehicles.

Mine Resistant Ambush Protected (MRAP) Vehicles. MRAP vehicles have a V-shaped armored hull and protect against the three primary kill mechanisms of mines and improvised explosive devices (IED)—fragmentation, blast overpressure, and acceleration. These vehicles provide the best currently-available protection against IEDs. Experience in theater shows that a Marine is four to five times less likely to be killed or injured in a MRAP vehicle than in an up-armored HMMWV—which is why Secretary Gates made the MRAP program the number one acquisition priority for the Defense Department. MRAP vehicles come in three categories: Category I designed for use in urban environments and carries by up to six personnel; Category II for convoy escort, troop transport, and ambulance evacuation, which transports up to ten personnel; and Category III for route clearance/explosive ordnance disposal vehicles.

The total Department of Defense requirement for MRAP vehicles is 15,374—of which 3,700 are allocated for the Marine Corps. However, the Marine Corps requirement has been revalidated to 2,225, pending Joint Requirements Oversight Council approval. The Navy is the Executive Agent for the program and the Commander, Marine Corps Systems Command is the Joint Program Executive Officer. As an example of our adaptation to evolving threats, the Joint MRAP Vehicle Program Office has recently selected qualified producers of a new MRAP II vehicle for the Marine Corps and other forces. Vehicles procured through this second solicitation will meet enhanced survivability and performance capability required by field commanders.

The Marine Corps is very pleased with the overwhelming support of Congress on the MRAP program, both financially and programmatically. We ask that Congress continue their support for these life-saving vehicles and support us as we transition to the sustainment of these vehicles in future years.

MAGTF Fires

In 2007, we initiated a study entitled "The Major Combat Operations Analysis for Fiscal Years 2014 and 2024." This study scrutinized the current organic fire support of the Marine Air Ground Task Force (MAGTF) to determine the adequacy, integration, and modernization requirements for ground, aviation, and naval surface fires. The study concluded that the MAGTF / Amphibious Task Force was unable to adequately address moving and armored targets 24 / 7 and in all weather conditions. This deficiency is especially acute during the Joint Forcible Entry Operation phase of combat operations. The study also reinforced the critical importance of both the Joint Strike Fighter and AH-1Z in minimizing the fires gap. With this information, we then developed a set of alternatives for filling these gaps—using either MAGTF reinforcing or joint fires. We also performed a supplemental historical study using Operation IRAQI FREEDOM data to examine MAGTF Fires in the full spectrum of warfare. These studies reconfirmed the requirement for a mix of air, naval surface, and ground-based fires as well as the development of the Triad of Ground Indirect Fires.

Our Triad of Ground Indirect Fires provides for complementary, discriminating, and non-discriminating fires that facilitate maneuver during combat operations. The Triad requires a medium-caliber cannon artillery capability; an extended range, ground-based rocket capability; and a mortar capability with greater lethality than current models and greater tactical mobility than current artillery systems. The concept validates the capabilities provided by the M777 lightweight 155mm towed howitzer, the High Mobility Artillery Rocket System, and the Expeditionary Fire Support System, a 120mm rifled towed mortar.

M777 Lightweight Howitzer. The new M777 lightweight howitzer replaces our M198 howitzers. It can be lifted by the MV-22 Osprey and the CH-53E helicopter and is paired with the Medium Tactical Vehicle Replacement truck for improved cross-country mobility. Through design innovation, navigation, positioning aides, and digital fire control, the M777 offers significant improvements in lethality, survivability, mobility, and durability over the M198 howitzer. The Marine Corps began fielding the first of 511 new howitzers to the operating forces in April 2005 and expects to complete fielding in Fiscal Year 2011.

High Mobility Artillery Rocket System (HIMARS). HIMARS fills a critical range and volume gap in Marine Corps fire support assets by providing twenty-four hour, all weather, ground-based, indirect precision and volume fires throughout all phases of combat operations ashore. We will field forty-six HIMARS—eighteen to the Active Component, eighteen to the Reserve Component, four to the Supporting Establishment, and six to the War Reserve Material Readiness – Forward. When paired with Guided Multiple Launch Rocket System rockets, HIMARS will provide a highly responsive, precision fire

capability to our forces. We will reach Initial Operational Capability this August and expect to be at Full Operational Capability by Fiscal Year 2010.

Expeditionary Fire Support System (EFSS). The EFSS, a towed 120mm mortar, will be the principal indirect fire support system for heli- and tiltrotor-borne forces executing Ship-to-Objective Maneuver as part of a Marine Air Ground Task Force. When paired with an Internally Transportable Vehicle, EFSS can be transported aboard MV-22 and CH-53E aircraft. EFSS-equipped units will have immediately responsive, organic indirect fires at ranges beyond current infantry battalion mortars. Initial operational capability is planned during Fiscal Year 2008, and full operational capability is planned for Fiscal Year 2010.

Infantry Weapons

Based on combat experience and numerous studies, we are developing infantry weapons systems with the following goals: increased effectiveness, lighter weight, improved modularity, and integration with other infantry equipment. The Marine Corps and Army are co-leading joint service capabilities analysis for future developments.

Individual Weapons. The M16A4 is our current service rifle and makes up the majority of our assigned individual weapons. It is supplemented by the M4 Carbine, which is assigned to Marines based on billet and mission requirements. We are participating in several Army tests which will evaluate the capabilities and limitations of our small arms inventory. In conjunction with the Army and Air Force, we will use these results to determine priorities for a future service rifle with focus on modularity, ergonomics, balance, and lethality. We also have executed a two-pronged strategy for a larger caliber pistol: supporting the Air Force's effort to analyze and develop joint capabilities documents for a new pistol and examining the Army's recent consideration of personal defense weapons.

Multi-Purpose Weapons. The Shoulder-Launched Multipurpose Assault Weapon (SMAW) is an aging, heavy weapon that is nearing the end of its service life. We are seeking ways to reduce weight, increase reliability, and improve target identification as well as develop a "fire from enclosure" capability that will enable Marines to fire the weapon from within an enclosed space.

Scout Sniper Capability. We are conducting a holistic assessment of our Scout Sniper capability to identify shortfalls and develop recommended solutions—concurrently integrating the doctrine, training, weapons, equipment, and identified tasks with a Marine sniper's professional development and career.

Non-lethal Weapons Technology. The complexities of the modern battlespace often place our Service men and women in challenging situations where sometimes, lethal force is not the preferred response. In these environments, our warfighters need options for a graduated escalation of force. As the Executive Agent for the Department of Defense Non-Lethal Weapons Program, we see the need for long-range, directed-energy systems. Marines and Soldiers in Iraq are already using non-lethal directed energy weapons; green laser warning devices have reduced the requirement to use lethal force

at checkpoints against wayward, but otherwise innocent, Iraqi civilians. We continue to pursue joint research and development of promising non-lethal weapon technologies, such as the millimeter wave Active Denial System. We thank the Committee for its support of these vital capabilities for modern warfare.

Counter-Sniper Technology. We are leveraging the work of the Defense Advanced Research Projects Agency, our sister Services, the Marine Corps Intelligence Activity, and the National Ground Intelligence Center in an effort to increase our ability to counter enemy snipers. We are examining different obscurant technologies as well as various infrared detection / location sense and warn capabilities. We are experimenting with advanced equipment and improved tactics, techniques, and procedures. The ability to detect enemy optics will provide our Marines warning of impending sniper or improvised explosive device attacks and the ability to avoid or engage the sniper before he can fire. Ongoing joint and interagency cooperation, coupled with industry collaboration, will shape our future experiments.

Infantry Battalion Enhancement Period Program (IBEPP). We are fielding additional equipment to infantry battalions to better enable Marines to fight and win on the distributed and non-linear battlefield. This equipment encompasses communications, optics, weapons, and vehicles, at a cost of approximately \$19M per battalion. Key elements of the IBEPP include a formal squad leader course for every rifle battalion squad leader, a tactical small unit leaders' course for prospective fire team leaders, and a "Train the Trainer" mobile training team to teach junior tactical leaders the skills required to more effectively train their own Marines.

Command and Control (C2) Harmonization

The Marine Corps' Command and Control Harmonization Strategy articulates our goal of delivering an end-to-end, fully-integrated, cross-functional capability to include forward-deployed and reach-back functions. We envision seamless support to Marines in garrison and in combat—taking the best of emerging capabilities to build a single solution that includes the Common Aviation Command and Control System (CAC2S), Tactical Communications Modernization (TCM) program, Very Small Aperture Terminal (VSAT), and training.

The CAC2S fuses data from sensors, weapon systems, and command and control systems into an integrated display, assisting commanders in controlling organic, joint, and coalition efforts while operating as a joint task force. Delivered in a common, modular, and scalable design, CAC2S reduces the current systems into one hardware solution. The TCM and VSAT programs fuse data on enemy forces into the Common Operating Picture and increase our ability to track friendly forces. Lastly, our C2 Harmonization Strategy increases capability to train our staffs through Marine Air Ground Task Force Integrated System Training Centers.

Information Operations

The ability to influence an adversary through information operations has been a critical capability our current operations and will be of even more importance as we continue to engage in security cooperation efforts around the globe. To better support our Information Operations (IO), we are standing up the Marine Corps Information Operations Center at Quantico, VA—our primary organization to integrate and deliver IO effects throughout the Marine Corps.

Marine Corps Intelligence, Surveillance, and Reconnaissance Enterprise

We are increasing the quality of our Intelligence, Surveillance, and Reconnaissance (ISR) capabilities through the use of an enterprise approach known as the Marine Corps ISR Enterprise (MCISR-E)—resulting in a fully-integrated architecture compliant with joint standards for data interoperability. MCISR-E will provide networked combat information and intelligence down to the squad level across the range of military operations. To ensure Marines have access to these new capabilities, our MAGTF Command and Control systems feed combat operation centers with information from wide field of view persistent surveillance systems such as Angel Fire, traditional ISR systems such as our family of Unmanned Aircraft Systems (UAS), and non-traditional collection assets such as Ground Based Operational Surveillance System (GBOSS). Intelligence sections down to the company level are equipped with ISR fusion systems as well as applications such as MarineLink that enable rapid discovery, data mining, analysis, and most importantly incorporation of Intelligence into tactical planning for operations and intelligence reporting down to squad level and up to higher headquarters.

Marine Corps Operational Logistics

Operating Force Sustainment Initiatives. We have aggressively moved forward on several forward-deployed initiatives that have improved our support to our Marines in combat. Our Marine Corps Logistics Command is working with our Marine Expeditionary Forces on extending heavy intermediate maintenance support within the continental United States. Maintenance Center contact teams at Camp Lejeune and Camp Pendleton are extending the service life of equipment through corrosion control and maintenance programs that enhance pre-deployment readiness.

Improving Combat Readiness Through Innovation. To assure optimum use of the resources provided by Congress and the American taxpayers, we are making innovations in how we equip, sustain, house, and move our war-fighters. We are aggressively applying the principles of continuous process improvement to these enabling business processes across the Corps. In just the past year we have cut costs and repair cycle time at both aviation and ground maintenance depots, revamped and speeded up the urgent universal needs statements process, and instituted regional contracting for materiel and services that is proving more cost effective. Such improvements are expected to increase as training and experience proliferate.

Urgent Universal Needs Statement (UUNS) Process

The UUNS process enables deployed commanders to request equipment based on their recent experience. Designed to procure equipment more expediently than if submitted in the regular budgeting process, the Marine Corps' UUNS process uses a secure, web-based system that provides full stakeholder visibility from submission through resolution. Through continuous process improvement, we have reduced our average processing time by 58.8 days. Our goal is responsive support to commanders in the field by providing a rational, disciplined, and time-sensitive process that fulfills their validated urgent requirements in the fastest, most logical way. We continue to review the system for opportunities to increase efficiency and timeliness. For example, as a result of a February 2006 Lean Six Sigma review, several improvements were implemented including standardization, on-line tracking, and streamlined approval. Typically, UUNS are funded by reprogramming funds from approved programs or through Congressional supplemental funding. They are funded with regard for current law, their effects on established programs of record, or other initiatives in the combat capability development process.

Information Technology Enablers / Global Combat Support System—Marine Corps

Global Combat Support System – Marine Corps continues to make strides toward delivering a modernized information technology system that will enhance logistics support to the warfighter. As the primary information technology enabler for the Marine Corps' Logistics Modernization efforts, the system's primary design focus is to enable the warfighter to operate while deployed and provide reach back capability from the battlefield. At the core is modern, commercial-off-the-shelf enterprise resource planning software that will replace our aging legacy systems. The Global Combat Support System – Marine Corps Block 1 focuses on providing the operating forces with an integrated supply/maintenance capability and enhanced logistics-chain-management planning tools. Field User Evaluations and Initial Operational Test & Evaluations are scheduled for 1st Quarter Fiscal Year 2009, followed by fielding of the system and Initial Operating Capability during Fiscal Year 2009. Future blocks will focus on enhancing capabilities in the areas of warehousing, distribution, logistics planning, decision support, depot maintenance, and integration with emerging technologies to improve asset visibility.

Secure Internet Routing Protocol Network (SIPRNET)

The Secure Internet Routing Protocol Network (SIPRNET) is our primary warfighting command and control network. The asymmetric nature of current attacks combined with future threats to our networks demand a greater reliance on the SIPRNET to ensure the security of Marine Corps warfighting and business operations. The Marine Corps is aggressively upgrading our existing SIPRNET capabilities and an expansion of our SIPRNET in the future will be necessary to meet operational demands. The resources required for this expansion will enable wider use of the SIPRNET across the Marine Corps as we transition more warfighting and business operations into a highly secure and trusted network.

Infrastructure Energy Considerations

The purchase of electricity, natural gas, petroleum fuels, and potable water to operate our facilities is a significant expense. Through proactive Facilities Energy & Water Management and Transportation Programs to reduce consumption, we are achieving substantial cost avoidance and environmental benefits including reduction of greenhouse gas emissions and other pollutants. Our program provides the direction, actions, and metrics necessary for commands to:

- Reduce rate of energy use in existing facilities;
- Improve facility energy efficiency of new construction and renovations;
- Expand use of renewable resources;
- Reduce water usage rates on our installations;
- Improve security and reliability of energy and water systems; and
- Decrease petroleum use through increased efficiency and alternative fuel use.

Marine Corps conservation efforts have been substantial, but installation energy and water requirements continue to increase as we increase our end strength and adjust to rising energy prices.

V. Provide our Nation a Naval Force Fully Prepared for Employment as a MAGTF Across the Spectrum of Conflict

The enduring value of naval expeditionary forces in protecting our homeland, preventing crises, and winning our Nation's wars is a key theme of the recently signed maritime strategy entitled *"A Cooperative Strategy for 21st Century Seapower," the Naval Operations Concept, and the Marine Corps Operating Concepts for a Changing Security Environment*. These documents acknowledge the uncertainty of the strategic environment and that winning the battle for influence—and thus preventing wars—is as important as our Nation winning wars. Influenced by a variety of geographic, diplomatic, and geographic factors, our country's access to strategic basing is in decline. Our strategies address the requirement to maintain a robust forcible entry capability: the ability to maneuver from the sea, gain and maintain access anywhere in the littorals as well as transition to operations ashore and sustain the force from the seabase. They provide a template for Maritime Service capability and capacity and underscore our Marine Corps-Navy warfighting interdependence.

These concepts and strategies also incorporate hard-fought lessons from our current battles in Iraq and Afghanistan. Combat casualties have in a very real sense become a center of gravity for America—no matter what the cause or conflict. Therefore, "increased risk" and "slower response times" must always be calculated in terms of their real costs—loss of life and materiel on the battlefield and then, potentially, the loss of support of the American people.

Seapower is a distinct asymmetric advantage of the United States. For Marines, that asymmetric advantage includes Joint Seabasing, which allows us to maximize forward presence and engagement while "stepping lightly" on local sensitivities, avoiding the unintended political, social, and economic disruptions that often result from a large American presence ashore. It allows us to conduct a broad range of operations in areas where access is challenged, without operational commanders being forced to immediately secure ports and airfields. Given diplomatic, geographic, and infrastructure constraints, Seabasing is absolutely critical to overcoming area denial and anti-access weapons in uncertain or openly hostile situations. The combination of capabilities that allows us to influence events ashore from over the horizon—amphibious warfare ships, innovative Maritime Prepositioning Force (Future) ships, Joint High Speed Vessels, surface connectors, MV-22s, and Expeditionary Fighting Vehicles—play a key role in surmounting access challenges.

Seabasing is not exclusive to the Navy and Marine Corps—it will be a national capability. In fact, we view Joint Seabasing as a national strategic imperative. Just as the amphibious innovations championed by the Navy-Marine Corps team during the 1920s and 1930s were employed by all U.S. and Allied forces in every theater during World War II, we believe that the Seabasing initiatives currently underway will expand to become joint and interagency capabilities. Our control of the sea allows us to use it as a vast maneuver space—365 days a year. Seabasing allows us to project influence and expeditionary power in the face of access challenges, a distinct asymmetric advantage. These capabilities allow maritime forces to support our partners and to deter and defeat

adversaries in a complex and uncertain future. Today, another generation of Naval planners continues to envision how our amphibious capabilities can evolve into more fully sea-based operations and better meet the Combatant Commanders' varied and competing requirements.

Amphibious Ship Requirements

The maritime strategy advocates *credible* combat power as a deterrent to future conflict. The Marine Corps supports this capability through the flexibility and combat power of the Marine Air Ground Task Force embarked on amphibious warfare ships. By far the most complex of our congressionally-mandated missions, amphibious forcible entry requires long-term resourcing and a high-level of proficiency. It is not a capability that we can create in the wake of a threat.

The characteristics of amphibious ships (their command and control suites, flight decks, well decks, air and surface connectors, medical facilities, messing and berthing capacity, and survivability) merged with the general-purpose nature of embarked Marines, make them multi-mission platforms—unbeatable in operations ranging from humanitarian assistance to amphibious assault. These forces have brought hope and assistance to peoples ravaged by tsunamis, earthquakes, and cyclones—even hurricanes in our own country. They have provided a powerful combat force from the sea as evidenced by the opening days of Operation ENDURING FREEDOM when Marines provided the first conventional forces ashore in Afghanistan. An equally powerful force assaulted from amphibious ships up the Al Faw peninsula in early weeks of Operation IRAQI FREEDOM. In spite of the proliferation of anti-access technologies among state and non-state actors, Navy-Marine Corps amphibious capabilities have answered our Nation's "911 call" over 85 times since the end of the Cold War. Many international navies have recognized the value of amphibious warfare ships—as evidenced by the global renaissance in amphibious ship construction.

Based on strategic guidance, in the last several years we have accepted risk in our Nation's forcible entry capacity and reduced amphibious lift from 3.0 Marine Expeditionary Brigade (MEB) assault echelons to 2.0 MEB assault echelons. In the budgetary arena, the value of amphibious ships is too often assessed exclusively in terms of forcible entry—discounting their demonstrated usefulness across the range of operations and the clear imperative for Marines embarked aboard amphibious ships to meet Phase 0 demands. The ability to transition between those two strategic goalposts, and to respond to every mission-tasking in between, will rely on a strong Navy-Marine Corps Team and the amphibious ships that cement our bond. The Navy and Marine Corps have worked diligently to determine the minimum number of amphibious ships necessary to satisfy the Nation's needs—and look forward to working with the Committee to support the Chief of Naval Operation's shipbuilding plans.

The Marine Corps' contribution to the Nation's forcible entry requirement is a single, simultaneously-employed two Marine Expeditionary Brigade (MEB) assault capability—as part of a seabased Marine Expeditionary Force. Although not a part of the Marine Expeditionary Force Assault Echelon, a third reinforcing MEB is required and will be provided via Maritime Prepositioning Force (Future) capabilities. Each MEB assault

echelon requires seventeen amphibious warfare ships—resulting in an overall ship requirement for thirty-four amphibious warfare ships. However, given current fiscal constraints, *the Navy and Marine Corps have agreed to assume greater operational risk by limiting the assault echelon of each MEB by using only fifteen ships per MEB*—in other words, a Battle Force that provides thirty operationally available amphibious warfare ships. In that thirty-ship Battle Force, ten aviation-capable big deck ships (LHA / LHD / LHA(R)) and ten LPD 17 class ships are required to accommodate the MEB's aviation combat element.

In order to meet a thirty-ship availability rate—based on a Chief of Naval Operations-approved maintenance factor of 10%—a minimum of eleven ships of each of the current types of amphibious ships are required—for a total of thirty-three ships. The Navy has concurred with this requirement for thirty-three amphibious warfare ships, which provide the “backbone” of our maritime capability—giving us the ability to meet the demands of harsh environments across the spectrum of conflict.

Amphibious Assault Ship (Replacement) (LHA(R)). The legacy *Tarawa* class amphibious assault ships reach the end of their service life during 2011-2015. The eighth *Wasp* class LHD (multi-purpose amphibious assault ship) is under construction and will replace one *Tarawa* class ship during Fiscal Year 2008. To meet future warfighting requirements and fully capitalize on the capabilities of the MV-22 and Joint Strike Fighter, two LHA(R) class ships with enhanced aviation capabilities will replace the remaining LHA class ships. These ships will provide enhanced hangar and maintenance spaces to support aviation maintenance and increased jet fuel storage and aviation ordnance magazines. We are investigating the feasibility of incorporating the reduced island concept and well-deck capabilities in future, general-purpose assault ship construction.

Amphibious Transport Dock (LPD). The LPD 17 *San Antonio* class of amphibious warfare ships represents the Department of the Navy's commitment to a modern expeditionary power projection fleet that will enable our naval force to operate across the spectrum of warfare. It is imperative that eleven of these ships be built to meet the minimum of ten necessary for the 2.0 MEB assault echelon amphibious lift requirement.

The Navy took delivery of the first LPD 17 in the summer of 2005 and operational evaluation is scheduled for Spring 2008. The LPD 17 class replaces four classes of older ships—LKA, LST, LSD 36, LPD 4—and will have a forty-year expected service life. LPD 17 class ships will play a key role in supporting the ongoing Long War by forward deploying Marines and their equipment to better respond to crises abroad. Its unique design will facilitate expanded force coverage and decreased reaction times of forward deployed Marine Expeditionary Units. In forcible entry operations, the LPD 17 will help maintain a robust surface assault and rapid off-load capability for the Marine Air Ground Task Force and the Nation.

The Maritime Prepositioning Force

Capable of supporting the rapid deployment of three Marine Expeditionary Brigades (MEB), the Maritime Prepositioning Force is an important element of our expeditionary warfighting capability. MPF is a proven capability and has been used as a force deployment option in selected contingencies, to close forces on accelerated timelines for major combat operation, and in combination with amphibious forces to rapidly and simultaneously react to crises in more than one theater.

The next and necessary evolution of this program is incorporation of the Maritime Prepositioning Force-Future (MPF(F)) Squadron into the existing MPF Program. MPF(F) is a key enabler for Seabasing and will build on the success of the legacy Maritime Prepositioning Force program. MPF(F) will provide support to a wide range of military operations with improved capabilities such as at-sea arrival and assembly, selective offload of specific mission sets, and long-term, sea-based sustainment. From the sea base, the squadron will be capable of prepositioning a single MEB's critical equipment and sustainment for delivery—without the need for established infrastructure ashore.

While the MPF (F) is not suitable for forcible entry operations, it is critical for the rapid build up and sustainment of additional combat forces once our entry has been achieved by our assault echelon—launched from amphibious assault ships. The MPF(F), along with two legacy MPF squadrons, will give the Marine Corps the capacity to quickly generate three MEBs in support of multiple Combatant Commanders. The MPF(F) squadron composition decision was made in May 2005. That squadron is designed to consist of three aviation-capable big-deck ships, three large medium-speed roll-on/roll-off ships, three T-AKE supply ships, three Mobile Landing Platforms, and two dense-packed container ships. All of these will be crewed by civilian mariners and, as stated earlier, are not designed to conduct forcible entry operations. The program is currently in the technology development phase of acquisition, with a Milestone B decision planned in Fiscal Year 2008.

Mobile Landing Platform (MLP). The MLP is perhaps the most flexible platform in the MPF(F) squadron. Designed to be the "pier in the ocean," the MLP is an interface platform for other surface lift ships and vessels. Instead of ships and lighters going to a terminal on shore, they could transfer vehicles and equipment to and from the MLP. The ship is being designed to interface with MPF(F) Large Medium-Speed Roll-on/Roll-off ships through sea state four and accommodate Landing Craft Air Cushion operations in sea state three at a minimum. Additionally other service platforms could leverage the ship as an interface. In concert with the Navy, the MLP capabilities development document was delivered to the Joint Requirements Oversight Counsel in January 2007.

Dry Cargo/Ammunition Ship (T-AKE). The T-AKE is a selectively off-loadable, afloat warehouse ship, which is designed to carry dry, frozen, and chilled cargo; ammunition; and limited cargo fuel. Key holds are reconfigurable for additional flexibility. It has a day/night capable flight deck. These ships can support the dry cargo and compatible ammo requirements of Joint forces and are the same ship class as the Combat Logistics Force T-AKE ships.

Large Medium-Speed Roll-on/Roll-off (LMSR) Ship. The LMSRs were designed to accommodate the Department of Defense's largest vehicles—such as the Abrams Tanks, Rough Terrain Cargo Handler, and tractor trailers; this capacity is being leveraged to support Marine Corps vehicles and equipment. These ships, modified for MPF(F), will be very large, afloat equipment staging areas with additional capabilities including vehicle maintenance areas, berthing, ammunition breakout areas, two aviation operating spots, underway replenishment equipment, MLP interface, and a 113-ton crane capable of lifting vehicles or shipping containers. Importantly, they will also reduce strategic airlift requirements associated with our fly-in echelon.

Ship-to-Shore Mobility

Historically, Marine Corps amphibious power projection has included a deliberate buildup of combat power ashore; only after establishment of a beachhead could the Marine Air Ground Task Force begin to focus its combat power on the joint force's operational objective. Advances in mobility, fires, and sustainment capabilities will greatly enhance operations from over the horizon—by both air and surface means—with forces moving rapidly to operational objectives deep inland without stopping to seize, defend, and build up beachheads or landing zones. The ability to project power inland from a mobile sea base has utility across the spectrum of conflict—from humanitarian assistance to major combat operations. The Expeditionary Fighting Vehicle, MV-22 Osprey, and CH-53K heavy lift helicopter are critical to achieving necessary capabilities for future expeditionary operations.

High Speed Connectors. High-speed connectors will facilitate sustained seabased operations by expediting force closure and allowing the necessary sustainment for success in the littorals. Coupled with strategic airlift and sealift assets, the Joint High Speed Vessel and Joint Maritime Assault Connector provide an intra-theater capability, which enables rapid closure of Marine forces and sustainment ashore. These platforms will link bases and stations around the world to the sea base and other advanced bases, as well as provide linkages between the sea base and forces operating ashore.

VI. Taking Care of our Marines and our Families

Our most precious asset is the individual Marine. Our Marines and families have been steadfast and faithful in their service to our country, and we have an equally enduring obligation to them. As such, we are committed to putting our family programs on a wartime footing—our Marines and families deserve no less.

Putting Family Readiness Programs on a Wartime Footing

Last year, we directed a rigorous assessment of our family programs and have aggressively moved forward to improve them at every level. We continue our assessments—targeting younger Marines and their families to ensure that we are fully addressing their needs. We request that Congress continue to support these initiatives so that we can advance these reforms to meet the evolving requirements of our warfighters and their families.

Our Marine Corps Family Team Building Program and unit Family Readiness Programs, the centerpiece to our family support capability, was based on a peacetime model and 18-month deployment cycles. It was also largely supported on the backs of our dedicated volunteers; our volunteers have been performing magnificently while shouldering the lion's share of this program—but it is time to dedicate sufficient resources in light of the demands of our wartime operations.

We have recently initiated a sustained funding increase to implement Marine Corps family readiness reforms in Fiscal Year 2008. These reforms include:

- Formalizing the role and relationship of process owners to ensure accountability for family readiness;
- Expanding programs to support the extended family of a Marine (spouse, child, and parents);
- Establishing primary duty billets for Family Readiness Officers at regiment, group, battalion, and squadron levels;
- Improving the quality of life at remote and isolated installations;
- Increasing Marine Corps Family Team Building installation personnel;
- Refocusing and applying technological improvements to our communication network between commanders and families;
- Dedicating appropriate baseline funding to command level Family Readiness Programs; and
- Developing a standardized, high-quality volunteer management and recognition program.

The Marine Corps continues its proud heritage of “taking care of its own” and ensuring family programs sustain our families and our Marines for the Long War.

Casualty Assistance

Your Marines proudly assume the dangerous, but necessary, work of serving our Nation. Some Marines have paid the ultimate price, and we continue to honor them as heroes for their immense contributions to our country. Our casualty assistance program continues to evolve to ensure the families of our fallen Marines are always treated with the utmost compassion, dignity, and honor.

Our trained Casualty Assistance Calls Officers provide the families of our fallen Marines assistance to facilitate their transition through the stages of grief. Last year, Congressional hearings and inquiries into casualty next-of-kin notification processes revealed deficiencies in three key and interrelated casualty processes: command casualty reporting, command casualty inquiry and investigation, and next-of-kin notification. These process failures were unacceptable. Instantaneous with discovery of the process failures, we ordered an investigation by the Inspector General of the Marine Corps and directed remedial action to include issuing new guidance to commanders—reemphasizing investigation and reporting requirements and the importance of tight links between these two systems to properly serve Marines and their families. We will continue to monitor our processes, making every effort to preclude any future errors and to ensure Marines and families receive timely and accurate information relating to their Marine's death or injury.

Wounded Warrior Regiment

In April 2007, the Wounded Warrior Regiment was activated to achieve unity of command and effort in order to develop a comprehensive and integrated approach to Wounded Warrior care. The establishment of the Regiment reflects our deep commitment to the welfare of our wounded, ill, and injured. The mission of the Regiment is to provide and facilitate assistance to wounded, ill, and injured Marines, Sailors attached to or in support of Marine units, and their family members, throughout all phases of recovery. The Regiment provides non-medical case management, benefit information and assistance, and transition support. We use "a single process" that supports active duty, reserve, and separated personnel and is all inclusive for resources, referrals, and information.

There are two Wounded Warrior Battalions headquartered at Camp Lejeune, North Carolina, and Camp Pendleton, California. The Battalions include liaison teams at major military medical treatment facilities, Department of Veterans Affairs Polytrauma Rehabilitation Centers and Marine Corps Base Naval Hospitals. The Battalions work closely with our warfighting units to ensure our wounded, ill and injured are cared for and continue to maintain the proud tradition that "Marines take care of their own."

The Regiment is constantly assessing how to improve the services it provides to our wounded, ill, and injured. Major initiatives of the Regiment include a Job Transition Cell manned by Marines and representatives of the Departments of Labor and Veteran Affairs. The Regiment has also established a Wounded Warrior Call Center for 24/7 support. The Call Center both receives incoming calls from Marines and family members

who have questions, and makes outreach calls to the almost 9,000 wounded Marines who have left active service. A Charitable Organization Cell was created to facilitate linking additional wounded warrior needs with charitable organizations that can provide the needed support. Additionally, The Regiment has also strengthened its liaison presence at the Department of Veterans Affairs Central Office. These are just some of the initiatives that reflect your Corps' enduring commitment to the well-being of our Marines and Sailors suffering the physical and emotional effects of their sacrifices for our great Nation.

We are at the beginning of a sustained commitment to care and support our wounded, ill and injured. As our Wounded Warrior Program matures, additional requirements will become evident. Your continued support of new legislation is essential to ensure our Wounded Warriors have the resources and opportunities for full and independent lives.

Thank you for your personal and legislative support on behalf of our wounded warriors. Your personal visits to them in the hospital wards where they recover and the bases where they live are sincerely appreciated by them and their families. Your new Wounded Warrior Hiring Initiative to employ wounded warriors in the House and Senate demonstrates your commitment and support of their future well-being. We are grateful to this Congress for the many wounded warrior initiatives in the 2008 National Defense Authorization Act. This landmark legislation will significantly improve the quality of their lives and demonstrates the enduring gratitude of this Nation for their personal sacrifices. I am hopeful that future initiatives will continue to build upon your great efforts and further benefit the brave men and women, along with their families, who bear the burden of defending this great country.

Traumatic Brain Injury (TBI)

With the frequent use of improvised explosive devices (IEDs) and improved protective measures that reduce mortality rates, more Marines are exposed to possible traumatic brain injuries. As with other poorly understood injuries, there is sometimes a reluctance by individual Marines to seek medical attention at the time of the injury. Education is the best way to reduce this stigma, and it is to be the most effective treatment for those suffering a mild injury. TBI awareness and education is part of pre-deployment and routine training. All Marines are being screened for TBI exposure during the post-deployment phase and those identified as injured receive comprehensive evaluation and treatment. A pilot program for baseline neurocognitive testing is being implemented to improve identification of TBI and maintain individual and unit readiness in the field. The Marine Corps continues to work closely with DoD's Center of Excellence for Psychological Health and Traumatic Brain Injury to continue to advance our understanding of TBI and improve the care of all Marines.

Post Traumatic Stress Disorder (PTSD)

The Marine Corps Combat Development Command, Marine Corps Training and Education Command, Naval Health Research Center, and others are studying ways to identify risk and protective factors for Post-Traumatic Stress Disorder (PTSD) and to increase our resilience to stress. By improving the awareness of both individuals and our leaders, we can provide early identification and psychological first aid for those who are stress-injured. Better screening and referral of at-risk Marines are underway via pre- and post-deployment standard health assessments that specifically screen for mental health problems. The Department of Veterans Affairs has established comprehensive guidelines for managing post-traumatic stress, which are available to all services.

The Marine Corps is grateful for the effort Congress has put into making TBI, PTSD, and other-combat-related mental illness issues a top priority. We will continue to do the same so that we can further improve our knowledge and treatment of these disorders.

Combat and Operational Stress Control (COSC)

Marine Corps commanders are fully engaged in promoting the psychological health of our Marines, Sailors, and family members. Our commanders bear responsibility for leading and training tough, resilient Marines and Sailors, and for maintaining strong, cohesive units. Unit commanders have the greatest potential for detecting stress occurrences and assessing impact on warfighters and family members. Our leaders establish an environment where it is okay to ask for help and that combat stress is as deserving of the same respect and care as any physical wound of war. With the Navy's medical community, we are expanding our program of embedding mental health professionals in operational units—the Operational Stress Control and Readiness (OSCAR) program—to directly support all elements of the Marine Air-Ground Task Force. We also continue our collaboration with sister Services, the Department of Veterans Affairs' National Center for Post-traumatic Stress Disorder, and external agencies to determine best practices to better support Marines and their families.

Family Member Pervasive Developmental Disorders

The effectiveness of Marines and Sailors during deployment is dependent upon the adequacy of support provided to family members at home. Children of Service members with special needs, to include pervasive developmental disorders, have additional medical, educational, and social needs that are challenging to meet even when both parents are available. The TRICARE Enhanced Care Health Option has not been able to provide sufficient support. To address this issue, the Marine Corps is working with the Department of Defense Office of Family Policy Work Group on examining options to expand its Educational & Developmental Intervention Services (EDIS), a program that delivers Early Intervention Services to eligible infants and toddlers in domestic and overseas areas as well as through Medically Related Service programs in Department of Defense schools overseas.

Exceptional Family Member Program (Respite Care)

Parental stress can be heightened for families that are not only impacted by the current operational tempo but are also caring for a child with special needs. To focus on this need, we offer our active duty families enrolled in the Exceptional Family Member Program up to 40 hours of free respite care per month for each exceptional family member. We seek to provide a "continuum of care" for our exceptional family members. In this capacity, we are using our assignment process, working with TRICARE and the Department of the Navy Bureau of Medicine and Surgery to expand access and availability to care, and providing family support programs to ease relocations and ensure quality care transitions.

Water Contamination at Camp Lejeune

Past water contamination at Camp Lejeune has been and continues to be a very important issue for the Marine Corps. Our goal is, using good science, determine whether exposure to the contaminated water at Camp Lejeune resulted in any adverse health effects for our Marines, their families, and our civilian workers.

The Marine Corps continues to support the Agency for Toxic Substances and Disease Registry (ATSDR) in their health study, which is estimated to be completed during 2009. With the help of Congress, the highly respected National Academy of Sciences is now helping us develop a way ahead on this difficult issue.

The Marine Corps continues to make progress notifying former residents and workers. We have established a call center and notification registry where the public can provide contact information so that we can keep them apprised of the completion of these health studies.

**WITNESS RESPONSES TO QUESTIONS ASKED DURING
THE HEARING**

MARCH 6, 2008

RESPONSE TO QUESTIONS SUBMITTED BY MR. SKELTON

Secretary WINTER. Navy was directed to complete 7,755 Defense Health Program conversions between FY05–FY13. The conversions were programmed in Program Review FY05, POM FY06 and POM FY08. Enactment of the FY08 NDAA, specifically Section 721, prohibits already programmed conversions in FY08–FY12 to convert from a military position to a civilian position. Navy had already forwarded its submission to OSD for the 2009 budget prior to the enactment of the FY08 NDAA. Per Section 721, the FY08–FY12 conversions must be restored as military positions. Section 721 also directed the restoration of military end strength for the remaining unfilled FY05–FY07 positions that had not been successfully hired by 30 September 2008.

Navy is committed to restoring 4,204 programmed FY08–FY12 military to civilian conversions. FY13 conversions will not be addressed at this time as Section 721 only extends through FY12. Billets programmed for conversion in FY08 and FY09 are returned as military end strength and phased in between FY10–FY13. The specific phase dates were chosen based on the Navy's ability to fill the restored positions with personnel. Military billets programmed for civilian conversion in FY10–FY12 are returned in their respective conversion year.

The 4,204 does not include 152 military end-strength associated with the closure of Naval Air Station Keflavik and Naval Support Activity La Maddalena in FY08. OSD included these outright billet eliminations as part of the overall conversion plan. Additionally, the 4,204 does not include 61 positions that were already hired in FY08 prior to the passage of the FY08 NDAA. Military end-strength programmed for conversion in FY05–FY07 that have not been successfully hired by 30 September 2008 will be restored as military end-strength and phased in based on the Navy's ability to fill the restored positions with personnel. [See page 19.]

RESPONSES TO QUESTIONS SUBMITTED BY MR. SAXTON

Admiral ROUGHEAD. An additional \$35 billion is not needed to achieve the goal of 313 ships by FY 2019 or in the near-term. Our shipbuilding priorities are always tempered by affordability and the impact of any single program on the resources available to support other programs within that sector of the Navy's accounts. Therefore, specific changes to the 313 plan may cause costs to increase. For example, accommodating the up-front cost for a nuclear powered cruiser would be difficult and will pose a challenge with respect to the limited resources we have within the shipbuilding sector. This may result in a need to request additional funding from the Office of the Secretary Defense or Congress to meet the direction provided in last year's National Defense Authorization Act.

The Navy will consider several industrial factors as it pursues operational capability at reduced cost. First, level loading of ship procurements to help sustain minimum employment levels and skill retention will promote a healthy U.S. shipbuilding industrial base. Further, to achieve affordability goals, Navy program managers will make greater use of contract incentives, such as steep share lines combined with performance incentives, multi-year procurement, fixed price contracts (when and where appropriate), and increased use of competition to contribute to real shipbuilding cost containment. [See page 13.]

Admiral ROUGHEAD. A strategic pause in the procurement of the third DDG 1000 will have the following implications: delay in the delivery of DDG 1000 warfighting capabilities, reevaluation of costs for the first two ships, and a shipyard industrial base impact.

A one or two year pause in the program would affect DDG 1000-specific system vendors. The two ships now under contract will likely increase in cost due to the lack of the shipbuilders' ability to spread shipyard overhead costs among multiple ships. Additionally, the cost of the mission systems equipment for the lead ships will have similar cost increases. The loss of shipyard workload, if not substituted by other shipbuilding, would likely impact costs on other Navy contracts at the same yards. [See page 15.]

RESPONSE TO QUESTIONS SUBMITTED BY MR. TAYLOR

Secretary WINTER. During the source selection process for VH-71, Lockheed Martin Systems Integration, Owego and its subcontract structure, including foreign subcontractors, were evaluated as part of the management area of their proposal. The Government's evaluation did not identify any inappropriate subcontract relationships and none have been noted to date. Both offerors' proposals were carefully evaluated according to the standard acquisition guidelines set forth in the Federal Acquisition Regulations and other applicable statutes and Department of Defense regulations. [See page 44.]

RESPONSE TO QUESTIONS SUBMITTED BY MR. BARTLETT

Admiral ROUGHHEAD. During Contractor Testing, mis-alignment of the AQS-20A Sonar and Organic Airborne and Surface Influence Sweep (OASIS) tow cable fairings during towed body recovery led to jamming in the MH-60S Carriage, Stream, Tow and Recovery System (CSTRS) and subsequent damage to the tow cable. Since then, the tow cable fairings have been re-designed and a fairing orientor introduced into the CSTRS remedying these discrepancies.

During OASIS Contractor Testing, the aft electrode of this magnetic/acoustic influence minesweeping device corroded faster than anticipated. Subsequent OASIS design improvements have increased electrode life from two to eight hours with the ultimate electrode life goal of 20 hours.

The MH-60S will meet the fleet's future AMCM mission. The Navy's analysis of medium lift needs is formed on logistics requirements and not AMCM. [See page 22.]

RESPONSE TO QUESTIONS SUBMITTED BY MR. SHUSTER

Secretary WINTER. The T-AKE contract with General Dynamics National Steel and Shipbuilding Company (NASSCO) was restructured in July 2007 after the submission of the FY08 budget request. Failure to exercise a second FY06 T-AKE ship option necessitated renegotiation of the T-AKE contract. The Navy and NASSCO agreed upon restructuring the T-AKE contract to address the procurement of the next five ships (two more than the original 12 ship contract) and resolution of NASSCO's Request for Equitable Adjustment (REA). The two-part REA was submitted in CY 2005-2006 for approximately \$610M for the nine ships then under contract.

In order to procure an additional five ships at the best possible price, the Navy addressed all the issues in a packaged negotiation. This approach included a cost adjustment for the first nine ships, negotiated the prices for the next five, and release of the REA. This approach benefited both the Navy and the shipbuilder. The Navy procured the entire class at the lowest overall cost per hull by restructuring the contract to include the existing nine and the additional five ships. The shipbuilder was able to stabilize the T-AKE production line, prevent a costly production gap and avoid costly work force disruptions due to layoffs and rehiring efforts.

On August 17, 2007, a contract modification was executed to increase the ceiling prices for T-AKE 1 through T-AKE 9. The Navy used \$280 million appropriated in FY07 to fund ceiling price adjustments and another \$100 million in FY07 funds to execute a Long Lead Time Material (LLTM) option for T-AKE 10. The balance of T-AKE 10, \$404 million, was funded in FY07 and FY08. The Navy also used \$100 million in FY08 funds to execute a LLTM option for T-AKE 11. [See page 39.]

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

MARCH 6, 2008

QUESTIONS SUBMITTED BY MR. ORTIZ

Mr. ORTIZ. Admiral Roughead, in your testimony, you state that you have directed implementation of a systematic and consistent approach to assess the material condition of shore establishments and have developed a comprehensive investment strategy to identify and reverse the decline of the Navy's shore establishments. How are you ensuring that this approach takes in to account the Navy's training installations, such as NAS Kingsville and NAS Pensacola, and does not focus solely on operational installations that support the fleet? What approach is being taken to assess the material condition of installations? Are you factoring in recap rate of installations? How does the comprehensive investment strategy incorporate the requirements and facilities conditions of installations?

Admiral ROUGHEAD. A primary Department of the Navy objective is to provide first-rate facilities to support stationing, training and operations of naval forces. All our Navy installations, whether primarily operational or training in nature, are critical to supporting the Fleet. Operational support facilities drive current readiness and training facilities often drive our future readiness. The Shore Investment Strategy was designed to align shore investments with warfighting requirements and improve sailor and family readiness and quality of service by applying a consistent strategy across all installations to ensure they are properly sized, configured, sustained, and aligned in accordance with the Navy Strategic Plan. The investment strategy includes 11 Shore Capability Areas (one of which is Training Support) and utilizes a systems-based approach to address global requirements through a comprehensive assessment of mission contribution, condition, capacity, configuration, and capability of installations linked to Navy Mission Essential Tasks.

The Navy is assessing the material condition of our facilities utilizing the Facility Condition Assessment Program (FCAP). Over the next year, this program will provide a baseline condition assessment of all Navy facilities which will dramatically improve the quality of information used for planning and execution of our sustainment and recapitalization funds. The recap rate is used as a programming benchmark as we assess the top line level of recapitalization investment against the Navy inventory of facilities. We will also use the Office of the Secretary of Defense's new Facilities Modernization Model (FMM) as an additional programming benchmark.

QUESTIONS SUBMITTED BY MR. FORBES

Mr. FORBES. The Navy has a \$120 million ship depot maintenance shortfall. The President's request for this account was \$4.13 billion. Why did the Navy decide this was an acceptable risk, and what maintenance is being delayed or not done because of this shortfall?

Admiral ROUGHEAD. Ship depot maintenance remains a high Navy priority and the \$4.13B request funds 97% of the projected depot maintenance requirement for FY09. The "3%" is considered acceptable risk because ship Class Maintenance Plans provide flexibility for short-term targeted deferrals. Work, if deferred, is documented and subsequently rescheduled to ensure the selected ship meets its planned service life. The \$120M shortfall will result in a projection of 1 submarine and 31 surface ship availabilities being deferred until FY10. The exact maintenance to be executed in these availabilities has not yet been identified, but routinely consists of longer-term life-cycle maintenance on propulsion machinery and distributed piping systems identified in the Integrated Class Maintenance Plan that can be deferred short-term with acceptable risk.

Mr. FORBES. You have stated that, in general, 10 operational aircraft carriers are too few and the Navy intends to maintain 11 carriers over the long term. You have also stated that you have taken steps to mitigate the 10 carrier period that would be created in Fiscal Year 2013 should the *Enterprise* be retired before the *USS Ford* carrier is delivered, but that you will struggle to meet deployment needs if that time period extends beyond two and a half to three years. However, a December 2006 DOD report indicated that the *Ford* won't reach initial capability until September 2016—which would create a gap of 45 months. Can you explain for me why this risk

and capability gap is worth taking rather than the alternatives to maintaining 11 operational carriers? Also, is it true that one of our other carriers—the *Abraham Lincoln*—is slated for a nuclear fuel conversion during the 10 carrier gap as well? If that is the case, we would really have 9 operationally capable carriers available, not 10?

Admiral ROUGHHEAD and Secretary WINTER. The Navy's aircraft carriers provide significant capability spanning a full range of maritime and Joint missions. The Navy remains committed to maintaining 11 operational aircraft carriers for the long term as a national imperative. The most challenging period to manage this force is between the scheduled inactivation of *USS ENTERPRISE* (CVN 65) in November 2012 and the commissioning of the *USS GERALD R FORD* (CVN 78), planned for September 2015. During this period the carrier force structure would drop to ten operational aircraft carriers, requiring a waiver of 10 U.S.C. 5062(b), as amended by Public Law 109-364, which requires the Navy to maintain not less than 11 operational carriers.

The Navy's force generation model, the Fleet Response Plan (FRP), considers the demand for the required training and maintenance to sustain the desired level of units available for tasking. Today, it is routine to sustain our *FRP CVN* operational availability (AO) by having one carrier in a Refueling Complex Overhaul, and two other carriers in lesser maintenance availabilities. The FRP, combined with adequate funding of the operations and maintenance accounts has sustained an average of six *Carrier Strike Groups* (CSG) available within 30 days or less and a seventh *Carrier Strike Group* (CSG) ready within 90 days (6+1). Employing this counting convention, the Navy will have ten operational carriers during the period between CVN 65 inactivation and CVN 78 commissioning. The Department considers this risk both acceptable and prudent.

Maintaining CVN 65 during this period would result in excessive technical risk because of the ship's age and challenges to our industrial base, and would create manpower perturbations at a cost that is not warranted for such a minimum operational return on investment. To continue operating CVN 65 beyond 2012, when she will be 51 years old, pushes the envelope well beyond the design life of 30 years and our experience base. Extending CVN 65 would also exacerbate pressure on our Manpower and Operations and Maintenance accounts, requiring a minimum of \$2.8 billion (unprogrammed) to further sustain CVN 65. Even with these risks and costs, CVN 65—at best—would achieve only one more operational deployment before CVN 78 is commissioned, as CVN 65 will only have enough fuel for one more deployment. Reactivating and operating a legacy aircraft carrier during this period will result in comparable risks and even greater unprogrammed costs. Based on the cumulative effects of these factors, maintaining 11 operational carriers during this period is high risk and would require significant funding with marginal return.

Mr. FORBES. This year's Annual Report on Chinese Military Power revealed that eight of the last twelve Chinese diesel submarines are outfitted with the Threat D "Sizzler" missile. The missile flies close to sea level and is nearly supersonic. Is the availability and deployment of this weapon a significant concern to you given the capabilities in the current fleet, and what are you doing to make sure that the future fleet is capable to address this threat? What can we do in Congress in terms of accelerating funding or timelines to assist you in that effort?

Admiral ROUGHHEAD and Secretary WINTER. Advanced cruise missile threat proliferation is a major concern. The Navy continues to invest in weapons and combat systems suites that will defeat current and future threats, including the "Sizzler," by leveraging current intelligence with detailed research from various scientific institutions. The Navy plans to expand its existing capability against this threat through combat systems and weapons upgrades. Additionally, the Navy is funding development of a threat representative target, the *Multi-Stage Supersonic Target* (MSST), for testing Navy weapons and combat systems. The MSST is scheduled to reach initial operating capability in 2014. The information we learn from testing and evaluating weapons and combat system performance against MSST will lead to further system improvements. The budget submitted supports our requirement.

Mr. FORBES. Modern vacuum electronics (VE) technology is used throughout the fleet and across the DOD in hundreds of vital high power radar, electronic warfare, and communications systems, including the AEGIS Weapons System, used successfully recently to help target and destroy an errant satellite over the Pacific Ocean. These vacuum electronics enabled systems, on which we will depend for decades to come, serve to protect our servicemen and women, and many billions of dollars of DOD assets. Our international competitors—notably France and China—are investing heavily in VE technology. The world's largest VE device manufacturer is Thales, based in France. Thales products have found their way into numerous DOD systems. China now supports hundreds of research scientists in this important field.

The Navy has historically assumed the DOD lead for VE S&T. Why, then, has the Navy's request for VE applied research (6.2) been reduced each year for the past 3 years, dropping to under \$3M for FY09, while a 2002 OSD study recommended a total DOD investment of \$27M/year, including \$12M/year for Navy VE applied research?

Admiral ROUGHHEAD Vacuum electronics is a very mature technology area. The applications to which you refer are legacy systems. Nearly all modern radars (Dual-Band Radar, Theater High Altitude Area Defense, Sea Based X-band radar, F-22 radar, F-35 radar, etc) are solid state radars because of significantly increased capability and reliability which are critical for the warfighter's survival and mission.

Previously, vacuum electronics offered an advantage over solid state amplifiers at higher millimeter wave frequencies, which is where the investment was being made. Solid state is now beginning to provide an alternative at some of these higher frequencies and assessments are made as to which is the preferred technology on a case by case basis.

As a result, Navy continues to support Naval Research Lab research in modeling to enable first pass tube design and vacuum electronics technology for amplifiers at higher frequencies. There is limited military application for frequencies above about 45 GHz, since the atmospheric absorption is so high that there are only a few windows at which systems can function.

About seven years ago, Naval Research Lab, using their already developed codes, was able to do a first pass design of the vacuum electronics amplifier for the Warlock radar they built. This demonstrated the efficacy of the model development and the maturity of this technology area.

The 2002 OSD study proposed an investment of \$22 million in vacuum electronics, while recommending \$60 million be invested in solid state amplifiers. This illustrated the higher potential benefit of solid state research. Solid state technology replaced vacuum electronics technology in all system receivers, and as noted above, nearly all modern radars use solid state amplifiers. Similar comparisons can be made for electronic warfare systems and communications systems in most cases.

The Navy will continue to evaluate which technology holds the most promise on an application by application basis. We believe that the FY09 budget supports the proper balance in these two research areas.

Mr. FORBES. Your enterprise IT approach has been different than the other services. The Navy Marine Corps Intranet (NMCI) was a significant investment for the Department of the Navy and now deemed a visionary step for both the Navy and the Marine Corps in terms of security and managing IT spending. Is there a lesson here for everyone?

Admiral ROUGHHEAD NMCI was a significant departure from the way the Department of the Navy (DoN) procured and sustained IT and has provided many benefits for the department. NMCI decidedly improved the DoN's cyber-security posture, as compared to its legacy networks. Through NMCI, DoN was able to eliminate IT "have nots" and was able to deploy department-wide initiatives such as Navy Enterprise Resource Products (ERP) and Common Access Card (CAC) log-on. NMCI provides unprecedented visibility into IT costs and enables elimination of costly and duplicative legacy networks through the ongoing Cyber Asset Reduction & Security (CARS) initiative.

Additional lessons learned are:

- IT is critical to warfighting and business processes and should be reflected as such.
- Greater service mobility and increased remote accessibility should be sought to accommodate the increasingly mobile workforce.
- Users want more intuitive knowledge management and sharing capability, less intrusive security and less arduous certification requirements. Network Operators, on the other hand, want improved security and more arduous certification requirements to deal with an ever increasing threat environment. Leadership must balance these competing mission/user needs.
- Operators and users both need adaptable architecture, improved interoperability and increased collaboration.

Mr. FORBES. I'm concerned that the Navy is heading towards a virtual IT "traffic jam" with its attempt to move forward simultaneously on the *Next Generation Enterprise Network (NGEN)* and the *Navy Consolidated Afloat Network and Enterprise Services (CANES)* program. How does the Navy intend to manage the sequencing and integration of these efforts?

Admiral ROUGHHEAD The fielding schedules for both *CANES* and *NGEN* have been examined closely for potential conflicts, and where necessary, adjustments have

been made. As currently scheduled, we believe the afloat network, *CANES*, can be fielded without difficulty at the same time as the ashore network, *NGEN*, is rolling out. Since *CANES* is composed of mature and reliable technologies that are being inserted into the Fleet in place of older equipment in need of tech refresh, we believe its fielding will actually lower the risk of an "IT traffic jam." *NGEN* fielding and deployment is still under consideration, and the interface with the afloat network and the demand placed upon Navy training, engineering, and acquisition competencies are key factors in the schedule, capacity, and capability deliberations. Both programs are reviewed frequently by senior leadership for program status and health, and the program offices are coordinating closely to sequence and integrate where necessary.

QUESTIONS SUBMITTED BY MRS. DAVIS OF CALIFORNIA

Mrs. DAVIS. The CNO's prioritized list of FY2009 Navy Unfunded Program Requirements identified \$941M to "fund procurement of final 2 T-AKEs (13 and 14) to accelerate and support Maritime Prepositioning Force Requirements" as the Navy's 4th highest FY09 unfunded requirement. The CNO's correspondence explained further that funding this requirement in FY09 would "leverage the hot production line at NASSCO shipbuilding and allow the Navy to maintain support of an existing production contract without renegotiation." I assume that ADM Roughead put funding for the two planned, final T-AKE dry cargo/ammunition ships high on the list because he believes there remains a strong military requirement for completing the contracted buy of all 14 T-AKE ships and getting these ships to the Fleet. Secretary Winter's recent Navy Long Range Report on Vessel Construction to Congress noted: "The current budget does not include the 13th or 14th T-AKEs required to meet the MPF(F) structure described above, pending completion of an ongoing MPF(F) concept of operations study." The report confirms, however, that "it is expected that the assessment will show that the MPF(F) will need those two T-AKEs." Navy leadership in the last few years has emphasized the need to bring greater stability to the shipbuilding budget plan to help make Navy ships more affordable and to provide appropriate incentives for capital investment by our shipbuilders. This committee supported Navy efforts last year to accelerate T-AKE ship production and the FY08 Defense Authorization and Appropriations Acts provided an additional \$300M in advance procurement toward the final three T-AKEs: ships 12, 13 and 14. While it is a positive development that the FY09 budget request contains funding for the balance of cost of T-AKEs 11 and 12, it is very concerning that PB09 no longer reflects out-year funding to procure T-AKEs 13 and 14 after FY09—which had been reflected in the PB08 out-year plan. It would introduce instability in the Navy's only ongoing auxiliary shipbuilding program—a program that by all accounts is performing well—and would disrupt the industrial base for naval auxiliaries and likely lead to increased costs for required Navy ships. Please comment on the requirement and unique capabilities the T-AKE Class brings to the Fleet. Please also address what appears to be an inconsistency between Navy leadership statements attesting to the requirement for all 14 T-AKE Class ships and budget actions that do not appear to meet that requirement.

Admiral ROUGHEAD The Navy has committed to procure the minimum number of T-AKEs necessary to meet the Combat Logistic Force requirement, currently assessed to be 12 T-AKEs. When Maritime Prepositioning Force (Future) (MPF(F)) T-AKE assets are considered in logistics planning for major combat operations, the CLF requirement drops to 11 T-AKEs, enabling the transfer of the 12th CLF T-AKE to the MPF(F). As part of the MPF(F), T-AKEs will provide a sea based sustainment of multi-product combat logistics to expeditionary forces ashore.

The Joint Requirements Oversight Council (JROC) had not approved Increment 1 of MPF(F), which includes T-AKE 13 & 14, at the time PRESBUD 09 (PB09) was submitted. As a result, these ships were not officially included as part of the Budget. However, they were included in the CNO's PB09 Unfunded Programs List since it was expected that Increment 1 would be approved by the JROC. On 17 March, 2008, the JROC approved the MPF(F) Increment 1 Capability Development Document (CDD) which supports the acquisition of MPF(F) T-AKE's 13 & 14.

QUESTIONS SUBMITTED BY MRS. DRAKE

Mrs. DRAKE. Admiral Roughead, I have a question about the COD fleet. My understanding is that the replacement date for this nearly 30 year-old airframe was 2014, but that it has been pushed to the right to 2020. Should we be addressing

this issue now, rather than later? And do you have any concerns about the possibility of having to ground the COD fleet?

Admiral ROUGHHEAD The oldest C-2A entered fleet in January 1985 and the procurement of 35 aircraft was complete with the last delivery in February 1990. The service life of the aircraft is based upon hours flown, landings, and catapults and arrestments, with a maximum limit for each. Based on the past utilization of the aircraft and predicted future use, the first of these aircraft was predicted to reach the end of its service life beginning in 2009 and approximately one-third being retired by 2014. While aircraft utilization, in particular the limit on landings, has been greater than expected, the C-2A fleet is in the process of a fully funded Service Life Extension Program (SLEP) that will increase the maximum hours on the aircraft by 50%, increase the number of landings by 140%, and increase the number of catapults and arrestments by 33%. This program is scheduled to be complete in 2010. Even with the greater utilization rates, the SLEP program results in the first aircraft reaching service life limits no earlier than 2017 and a majority of the aircraft reaching service life limits between 2026 and 2036.

A replacement aircraft is currently being studied by the Navy. In October 2006 an Analysis of Alternatives for Airborne Resupply/Logistics for Sea Basing was commissioned and the results of that study, along with emerging requirements, industry recommendations, and cost constraints are being used to identify the most effective replacement for providing the capability currently provided by the C-2A Greyhound (COD). No decisions regarding follow-on aircraft have been made for the POM-10 budget cycle.

While any aircraft could be grounded as a result of a unique set of circumstances, there is no specific reason that any aircraft, or the entire Fleet, would be grounded prior to an aircraft reaching the end of its service life. In addition to the SLEP program, the entire fleet is going through a number of upgrades and modifications including a rewiring program to remove all Kapton wiring by 2021, installation of the NP2000 eight-bladed propeller (currently on the E-2C aircraft), and the installation of the CNS/ATM system, an avionics upgrade that includes improvements to the communications, navigation, air traffic control, and cockpit display systems.

Mrs. DRAKE. The Navy Marine Corps Intranet (NMCI) was a significant investment for the Department of the Navy and is now deemed a visionary step for both the Navy and the Marine Corps—its secure and enables the Department of the Navy to better manage IT spending. Your enterprise IT approach has been different than the other services. Is there a lesson here for everyone?

Secretary WINTER. NMCI was a significant departure from the way the Department of the Navy (DON) procured and sustained IT and has provided many benefits for the Department. First and foremost, NMCI decidedly improved DON's cyber-security posture, as compared to its legacy networks. Through NMCI, DON was able to eliminate IT "have nots" and was able to deploy Department-wide initiatives such as Navy Enterprise Resource Products and Common Access Card log-on. NMCI provides unprecedented visibility into IT costs and is providing a platform to enable the elimination of costly and duplicative legacy networks through the ongoing Cyber Asset Reduction & Security initiative.

Additional lessons learned are:

- IT is critical to warfighting and business processes and should be reflected as such.
- Greater service mobility and increased remote accessibility should be sought to accommodate the increasingly mobile workforce.
- Users want more intuitive knowledge management and sharing capability, less intrusive security and less arduous certification requirements. Network Operators, on the other hand, want improved security and more arduous certification requirements to deal with an ever increasing threat environment. Leadership must balance these competing mission/user needs.
- Operators and users both need adaptable architecture, improved interoperability and increased collaboration.

Mrs. DRAKE. There are concerns that the Navy is heading towards a virtual IT "traffic jam" with its attempt to move forward simultaneously on the Next Generation Enterprise Network (NGEN) and the Navy Consolidated Afloat Network and Enterprise Services (CANES) program. How does the Navy intend to manage the sequencing and integration of these efforts?

Secretary WINTER. The fielding schedules for both CANES and NGEN have been examined closely for potential conflicts, and where necessary, adjustments have been made. As currently scheduled, we believe the afloat network—CANES—can be fielded without difficulty at the same time the ashore network—NGEN—is rolling

out. Since CANES is composed of mature and reliable technologies that are being inserted into the Fleet in place of older equipment in need of tech refresh, we believe its fielding will actually lower the risk of an “IT traffic jam.” NGEN fielding and deployment is still under consideration, and the interface with the afloat network and the demand placed upon Navy training, engineering, and acquisition competencies are key factors in the schedule, capacity, and capability deliberations. Both programs are reviewed frequently by senior leadership for program status and health, and the program offices are coordinating closely to sequence and integrate where necessary.

Mrs. DRAKE. General Conway, I think we on the committee would benefit from a restatement on the Expeditionary Fighting Vehicle and its importance to the Marine Corps. Also, would you address the current legacy system and its limitations in the current fight?

General CONWAY. Fielding the Expeditionary Fighting Vehicle (EFV) is a National imperative. This vehicle is necessary to ensure the Marine Corps can continue to perform the Nation’s forcible entry operations. Due to anti-access threats, such as anti-ship missiles and mines, US Navy ships must stay 25 miles off the coast to mitigate shore-based weapons. The EFV gives the Navy and Marine Corps increased range, speed, and maneuverability to quickly close this greater ship to shore distance. The EFV is the only platform that will allow the Marine Corps to continue to provide the Nation’s joint forces with a unique and flexible forcible entry capability from the sea. This capability will also allow the entry forces to land on expanded landing sites, leading to greater opportunities for success.

The EFV will replace the aging Assault Amphibious Vehicle (AAV)—in service since 1972, with greatly enhanced capabilities. The legacy AAV’s key limitations in the current fight are its lack of armor and reliance on limited command and control systems. It is an aging platform with constant maintenance challenges. The legacy AAV must launch from amphibious ships near the beach, in full view of enemy defenses, and it cannot travel faster than seven knots in the water. Additionally, the legacy AAV relies on non-stabilized .50 caliber and MK-19 heavy machine gun weapon systems.

The EFV, along with its ability to launch from 25 miles out at sea and travel at 20 plus knots in the water, will have a 30mm high velocity cannon and a 7.62mm machine gun in a fully stabilized turret. Further, the EFV will have a Nuclear, Biological, and Chemical defense overpressure system for protection of the crew and embarked Marines. The EFV will also possess an enhanced communications package consisting of Very High Frequency and Ultra High Frequency radios, Satellite Communication, Global Position System, the Enhanced Position Location Reporting System, and the Command and Control Personal Computer system. Last, the new EFV’s armor will be capable of defeating 14.5mm armor piercing ammunition at 300 meters without the need for heavy, bolt-on appliqué armor.

The EFV’s inherent capabilities provide utility across the spectrum of conflict, and will not be limited to forcible entry operations. Its amphibious mobility, day and night lethality, robust communications, and enhanced force protection will substantially improve joint force capabilities and sustained operations ashore and will allow the Marine Corps to continue to provide the Nation’s joint forces with a unique and flexible forcible entry capability from the sea. EFV is the Nation’s sole sea-based, surface-oriented vehicle that enables projection of combat power from a seabase to an objective. Its over-the-horizon capability will enable amphibious ships to increase their standoff distance from the shore protecting them from enemy anti-access weapons.

As a final thought, on a recent trip to China I had the opportunity to ride on their EFV. It is multi-capable, it is effective, and it is *fielded* to their operational forces.

QUESTIONS SUBMITTED BY MR. COURTNEY

Mr. COURTNEY. As you know, our attack submarine force is, as Admiral Donnelly has said, “a high demand, low density asset.” In 2007, the SSN fleet was only able to meet 54 percent of our combatant commanders’ requests for submarine mission days, continuing a downward trend from 66 percent in 2004. Of the 2007 total, I understand and appreciate that while nearly all of the “critical” requests were met, only 62 percent of the combined “critical” and “high priority” requests were met. Please discuss the trend in the demand for the SSN fleet—have you seen the number for requests for SSN from our combatant commanders’ increase since 2004? And, do you expect demand for SSN days to grow in the near term even as the number of hulls decline? With a decline in the size of the SSN force to a low of 40 boats in the 2022–2033 timeframe under the 30-year shipbuilding plan and the fact that

the SSN fleet is today only able to meet just over half of the requests made of it, how will you account for the demand for forward deployed and operating SSNs with fewer hulls in the water?

Admiral ROUGHHEAD. While the volume of annually deployed SSNs has remained constant, there has been an increasing trend of Combatant Commander (COCOM) requests for SSN presence since 2004. The result is decreased ability to fulfill all COCOM requests. All COCOM critical mission requirements have been met. Of the additional COCOM requests for capability, the Chairman of the Joint Chiefs of Staff uses the Global Force Management Process to prioritize and allocate SSN presence.

A naval battle force inventory of 48 SSNs will provide approximately ten forward deployed SSN years annually. To reduce the impact of the projected dip below 48 SSNs (from 2022–2033), reaching a low of 41 in 2028–2029, the Navy has identified a three part mitigation strategy consisting of reduced construction timelines of *VIRGINIA* Class submarines, selected hull-life extensions of *LOS ANGELES* class submarines, and targeted deployment extensions. This mitigation strategy is expected to allow the Navy to continue to provide the same level of submarine deployed presence to the Combatant Commander in the 2022 to 2033 timeframe that is provided by a traditional 48 SSN inventory.

Mr. COURTNEY. The FY2009 30-year shipbuilding plan states that “the replacement program for the *OHIO* class ballistic missile submarines is a strategic issue that merits immediate attention. Absent additional resources to recapitalize this national strategic capability, the Navy will be unable to concurrently replace the existing *OHIO* class submarines and the balance of its force structure requirements.” Please explain this statement. Does this mean that the Navy’s long term shipbuilding plan does not program sufficient funding to design and build the next generation SSBN?

Secretary WINTER. The Navy is working to define the initial capabilities for the Sea-Based Strategic Deterrent, which will describe the attributes required for strategic deterrence influence for the follow-on capability to the *OHIO* Class SSBN. This capability analysis will support an Analysis of Alternatives planned to be conducted in fiscal year 2009.

The Navy anticipates commencing Research and Development efforts for the follow-on to the *OHIO* Class SSBN in fiscal year 2010. However, since the *OHIO* Class SSBN replacement has neither been designed, nor the program developed, any cost estimate for the Shipbuilding and Conversion, Navy at this time would be premature.

Mr. COURTNEY. Under the Navy’s current plan, major design work is not scheduled to begin on the next SSBN until 2012. Last year, Congress provided \$5 million to start some of the early conceptual work on the SSBN. In the 30-year shipbuilding plan, the Navy states: “the navy will continue to work with US Strategic Command to complete the requirements analyses and systems studies necessary to define the replacement program.” With the RAND study recommending an earlier start and a longer design process than usual, the need to sustain the specialized submarine design workforce, Navy’s ongoing work with STRATCOM to define the SSBN program and the concern over resources available to support the program in the long term, how can Congress best support continued progress on the next generation SSBN program?

Secretary WINTER. The Navy’s 30-year Shipbuilding Plan and the President’s Budget strike the best balance between available funding and force level requirements, while maintaining stability throughout the shipbuilding industry. The Navy is working to define the initial capabilities for the Sea-Based Strategic Deterrent, which will describe the attributes required for strategic deterrence influence for the follow-on capability to the *OHIO* Class SSBN. This capability analysis will support an Analysis of Alternatives (AoA) planned to be conducted in fiscal year 2009. The AoA must define a preferred alternative before the funding requirements can be determined. That said, once the preferred alternative and associated funding are identified, the best means to ensure continued progress on the next-generation SSBN program will be through Congressional support of the program’s future authorization and appropriation funding requirements.